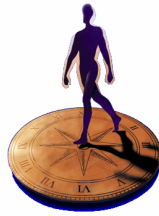


## OFFERING CIRCULAR



### RABOBANK STRUCTURED PRODUCTS

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

#### **EUR 8,000,000,000 Structured Medium Term Note Programme Due from seven days to perpetuity**

Under the EUR 8,000,000,000 Structured Medium Term Note Programme described in this Offering Circular (the **Programme**), Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (**Rabobank Structured Products** or the **Issuer**) may, subject to compliance with all relevant laws, regulations and directives, from time to time issue medium term notes (the **Notes**).

The Notes may be issued in bearer form (**Bearer Notes**) or in registered form (**Registered Notes**). The aggregate nominal amount of Notes outstanding will not at any time exceed EUR 8,000,000,000 (or the equivalent in any 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), or any other currency agreed between the Issuer and the relevant Dealer(s).

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "Risk Factors".**

This Offering Circular is a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the **Prospectus Directive** and the Dutch Financial Supervision Act (*Wet op het Financieel Toezicht*) (the **Financial Supervision Act**) and regulations thereunder (together **Dutch securities laws**) and has been approved by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten* or **AFM**), in its capacity as competent authority under the Dutch securities laws, in accordance with the provisions of the Prospectus Directive and the Dutch securities laws on 24 December 2007. Application may be made for Notes issued under the Programme within twelve (12) months of the date of this Offering Circular to be admitted for trading on Euronext Amsterdam by NYSE Euronext (**Euronext Amsterdam**).

Euronext Amsterdam is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive). References in this Programme to Notes being 'listed' (and all related references) shall mean that such Notes have been admitted to a regulated market. 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 Offering Circular (the **Final Terms**) in respect of the issue of any Notes will specify whether such Notes will be listed on Euronext Amsterdam (or any other stock exchange) or whether the Notes will not be listed. In relation to each separate

issue of Notes, the price and amount of such Notes will be determined by the Issuer and the relevant 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 Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

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

Any U.S. federal tax discussion in this Offering Circular was not intended or written to be used, and cannot be used, by any taxpayer for purposes of avoiding U.S. federal income tax penalties that may be imposed on the taxpayer. Any such tax discussion was written to support the promotion or marketing of the Notes to be issued or sold pursuant to this Offering Circular. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Notwithstanding anything herein to the contrary, from the commencement of discussions with respect to any transaction contemplated by this Offering Circular, all persons may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of any transaction contemplated by this Offering Circular and all materials of any kind (including opinions and other tax analyses) that are provided to such persons relating to such tax treatment and tax structure, except to the extent that any such disclosure could reasonably be expected to cause any offering pursuant to the Programme not to be in compliance with securities laws. For purposes of this paragraph, the tax treatment of a transaction is the purported or claimed U.S. federal income tax treatment of that transaction and the tax structure of a transaction is any fact that may be relevant to understanding the purported or claimed U.S. federal income tax treatment of that transaction.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the **Securities Act**), and may not be offered or sold in the United States or to, or for the benefit of, U.S. persons unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. See 'Form of the Notes' for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see 'Transfer Restrictions' and 'Subscription and Sale'.

Notes issued pursuant to this Programme may be rated or unrated. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to senior notes (**Senior Notes**) issued under the Programme and will be specified in the relevant Final Terms. None of these ratings is a recommendation to buy, sell or hold securities and any of them may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency without prior notice.

This Offering Circular supersedes and replaces the Offering Circular dated 22 December 2006.

*Dealer*

***RABOBANK INTERNATIONAL***

The date of this Offering Circular is 24 December 2007.

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## SUMMARY OF THE PROGRAMME

*This summary must be read as an introduction to this Offering Circular. Any decision to invest in any Notes should be based on a consideration of this Offering Circular as a whole, including the documents incorporated by reference, by any investor. The Issuer has civil liability in respect of this summary, if it is misleading, inaccurate or inconsistent when read together with the other parts of this Offering Circular. Where a claim relating to information contained in this Offering Circular is brought before a court in an EEA State, the claimant may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating the Offering Circular before the legal proceedings are initiated. 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. Rabobank Nederland is a trading name of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. Rabobank Structured Products is a defined name for the purposes of this Offering Circular and the Structured Medium Term Note Programme of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.*

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

**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 Dutch Financial Supervision Act (*Wet op het Financieel Toezicht*) (the **Financial Supervision Act**), 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 above.

**Activities:** Rabobank, founded over a century ago, is one of the largest banking groups in the Netherlands and ranks in the top 25 banking institutions in the world in terms of total assets and Tier I capital. The Group is a cooperative banking organisation comprised of Rabobank Nederland (a cooperative entity licensed as a credit institution in the Netherlands), Rabobank Nederland’s local member credit institutions (the ‘Local Rabobanks’) and numerous specialised finance and other subsidiaries. A system of cross guarantees provides for intra-Group credit support among Rabobank Nederland, all Local Rabobanks and certain subsidiaries in the event of a shortfall in assets in one of the entities. In the Netherlands, the Rabobank Group follows an ‘Allfinanz’ concept, meaning that it provides an integrated range of financial services comprised primarily of retail banking, wholesale banking and international retail banking, asset management and investment, leasing, real estate and distribution of insurance products to a wide range of both individual and corporate customers. As an Allfinanz provider, the Group focuses on operations that produce fee-based income in addition to the Group’s traditional interest-based income sources. For example, Rabobank is active in insurance through Interpolis N.V., the fifth largest Dutch insurance company in terms of premium turnover, and in asset management through Robeco Group N.V., the largest retail investment manager in the Netherlands in terms of assets under management, in which Rabobank Nederland currently owns a 100 per cent. equity interest. Internationally, Rabobank pursues a niche strategy in investment and international corporate banking through Rabobank International. At 30 June 2007, the Rabobank Group operated in the Netherlands through 183 Local Rabobanks, 1,193 branches of

Local Rabobanks and 3,106 points of contact and internationally through overseas offices in countries outside the Netherlands.

Rabobank's current ratings from Moody's and Standard & Poor's are Aaa and AAA respectively.

At 30 June 2007, Rabobank had total assets of EUR 592 billion, loans outstanding to private sector borrowers amounting to EUR 344 billion (net of reserves for loan losses), group equity of EUR 29.7 billion, due to customers of EUR 229.8 billion and EUR 89.5 billion in savings accounts. Rabobank's net profit return on Tier 1 capital for the six months ended 30 June 2007 was 10.3 per cent.

**Description:** Structured Medium Term Note Programme

**Date:** 24 December 2007

**Size:** Up to EUR 8,000,000,000 aggregate nominal amount of Notes outstanding at any one time.

**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 pursuant to the Programme or appoint additional Dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to '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:** Means either (i) the Issuing and Paying Agent if the (Global) Notes are or will be deposited with Euroclear, Clearstream or DTC or (ii) the Euroclear Netherlands Fiscal Agent if the (Global) Notes are or will be solely deposited with Euroclear Netherlands.

**Distribution:** Notes of each Tranche may be issued by way of private or public placement and in each case on a syndicated or non-syndicated basis, as specified in the applicable Final Terms.

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

**Form of Notes:** The Notes of each Tranche of each Series (as defined herein) to be issued in bearer form (**Bearer Notes**) will initially be represented by a temporary global note in bearer form, without interest coupons (each a **Temporary Global Note**). Temporary Global Notes will be deposited on the issue date either with (a) a common depositary on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme, Luxembourg (**Clearstream**) or (b) the Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (**Euroclear Netherlands**) or (c) such other clearing system as may be selected by the Issuer or agreed between the Issuer, the Fiscal Agent and the relevant Dealer(s). Interests in Temporary Global Notes will be exchangeable for interests in permanent global notes (each a **Permanent Global Note** and together with the Temporary Global Note, the **Global Notes**), or if so stated in the applicable Final Terms, definitive notes (**Definitive Notes**), after the date falling 40 days after the completion of the distribution of such Tranche upon certification as to non-U.S. beneficial ownership. Interests in Permanent Global Notes will be exchangeable for Definitive Notes in whole but not in part as described under 'Form of the Notes'.

Notes of each Tranche of each Series to be issued in registered form (**Registered Notes**) which are sold in the United States to qualified institutional buyers within the meaning of Rule 144A under the U.S. Securities Act of 1933, as amended (the **Securities Act**) will initially be represented by a permanent registered global certificate (each a **Global Certificate**) without interest coupons, which may be deposited on the issue date (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, with a common depositary on behalf of Euroclear and Clearstream and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream, The Depository Trust Company (**DTC**) or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer.

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

Interests in Global Certificates may be exchanged for individual certificates (**Definitive Certificates** and together with Global Certificates, **Certificates**) in certain limited circumstances. See 'Form of the Notes' and 'Clearing and Settlement'.

**Clearing Systems:** Euroclear, Clearstream, Euroclear Netherlands, DTC or such other clearing system as may be selected by the Issuer or agreed between the Issuer, the Fiscal Agent and the relevant Dealer(s).

**Currencies:** Subject to compliance with all applicable legal or regulatory restrictions, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer(s).

**Maturities:** Such maturities as may be agreed between the Issuer and the relevant Dealer(s), subject to compliance with all relevant laws, regulations and directives. Notes may be issued with any maturity between seven days and perpetuity.

**Denomination:** 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. Definitive Notes will be in such denominations as may be specified in the relevant Final Terms. Registered Notes will be in amounts of the denomination or integral multiples thereof specified in the relevant Final Terms. Additionally unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Service and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent). Definitive Certificates will only be available in amounts of USD 100,000 (or its equivalent in Specified Currency rounded upwards as agreed between the Issuer and the relevant Dealer(s)), or higher integral multiples of USD 1,000.

**Protection Amount:** The applicable Final Terms will indicate whether a Protection Amount is applicable to the relevant Notes. If applicable, the Notes will, subject to the applicable Final Terms, in no circumstances be repayable, at the stated Maturity Date, at less than the specified percentage of the nominal amount of such Note as set forth in the applicable Final Terms. For the avoidance of doubt, the Protection Amount will not apply in the event that Notes are redeemed prior to their stated Maturity Date upon the occurrence of a Tax Call, an Index Adjustment Event, a Potential Adjustment Event or an Event of Default.

**Fixed Rate Notes:** Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption, and will be calculated on the basis of such Day Count Fraction as may be selected as specified in the applicable Final Terms.

**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 2006 ISDA Definitions (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 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) as specified in the applicable Final Terms.

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

**Zero Coupon Notes:** Zero Coupon Notes will bear no interest, unless specified otherwise in the applicable Final Terms, will be issued at a discount to their principal amount and will be redeemed as agreed between the Issuer and the relevant Dealer(s) as specified in the applicable Final Terms.

**Currency Linked Notes:**

*Currency Linked Interest Notes:* Payments in respect of interest and/or whether at maturity or otherwise in respect of Currency Linked Interest Notes will be calculated and made in such currencies, and by reference to such rates of exchange and/or such formula, as may be agreed between the Issuer and the relevant Dealer(s), and specified in the applicable Final Terms.

*Currency Linked Redemption Notes:* Payments in respect of principal and/or whether at maturity or otherwise in respect of Currency Linked Redemption Notes will be calculated and made in such currencies, and by reference to such rates of exchange and/or such formula, as may be agreed between the Issuer and the relevant Dealer(s), and specified in the applicable Final Terms.

**Commodity Linked Notes:**

*Commodity Linked Interest Notes:* Payments in respect of interest and/or whether at maturity or otherwise in respect of Commodity Linked Interest Notes will be calculated and made by reference to a single commodity or basket of commodities on such terms as may be agreed between the Issuer and the relevant Dealer(s), and specified in the applicable Final Terms.

*Commodity Linked Redemption Notes:* Payments in respect of principal and/or whether at maturity or otherwise in respect of Commodity Linked Redemption Notes will be calculated and made by reference to a single commodity or basket of commodities on such terms as may be agreed between the Issuer and the relevant Dealer(s), and specified in the applicable Final Terms.

**Index Linked Notes:**

*Index Linked Interest Notes:* Payments of interest in respect of Index Linked Interest Notes will be calculated and made by reference to a single index or a basket of indices and/or such formula as may be agreed between the Issuer and the relevant Dealer(s) and specified in the applicable Final Terms.

*Index Linked Redemption Notes:* Payments of principal in respect of Index Linked Redemption Notes will be calculated and made by reference to a single index or a basket of indices and/or such formula as may be agreed between the Issuer and the relevant Dealer(s) and specified in the applicable Final Terms. Each nominal amount of Notes equal to the lowest Specified Denomination specified in the applicable Final Terms will be redeemed by payment of the Redemption Amount specified in or as determined pursuant to provisions in the applicable Final Terms, or if not so specified, as defined in the Terms and Conditions of the Notes.

If Index Adjustment Event is specified as applicable in the applicable Final Terms, the Notes will be subject to adjustment or may be redeemed in the event of certain events occurring in respect of the Index specified in the applicable Final Terms or, as the case may be, an Additional Disruption Event occurring, in each case as more fully set out under 'Terms and Conditions of the Notes'.

**Equity Linked Notes:**

*Equity Linked Interest Notes:* Payments of interest in respect of Equity Linked Interest Notes will be calculated and made by reference to a single equity security or basket of equity securities on such terms as may be agreed between the Issuer and the relevant Dealer(s) and specified in the applicable Final Terms.

*Equity Linked Redemption Notes:* Payments of principal in respect of Equity Linked Redemption Notes will be calculated and made by reference to a single equity security or a basket of equity securities. Each nominal amount of Notes equal to the lowest Specified Denomination specified in the applicable Final Terms will be redeemed by payment of the Redemption Amount specified in the applicable Final Terms or, if not so specified, as defined in the Terms and Conditions of the Notes. Equity Linked Redemption Notes may also provide that redemption will be by physical delivery of the Asset Amount as more fully set out under 'Terms and Conditions of the Notes'.

If Potential Adjustment Events and/or De-listing and/or Merger Event and/or Nationalisation and/or Insolvency and/or Tender Offer and/or Additional Disruption Event are specified as applicable in the applicable Final Terms, the Notes will be subject to adjustment or may be redeemed in the event of certain corporate events occurring in respect of the Equity Issuer(s) specified in the applicable Final Terms or, as the case may be, an Additional Disruption Event occurring, in each case as more fully set out under 'Terms and Conditions of the Notes'.

#### **Fund Linked Notes:**

*Fund Linked Interest Notes:* Payments of interest in respect of Fund Linked Interest Notes will be calculated and made by reference to a single fund or a basket of funds on such terms as may be agreed between the Issuer and the relevant Dealer(s) and specified in the applicable Final Terms.

*Fund Linked Redemption Note:* Payments of principal in respect of Fund Linked Redemption Notes will be calculated and made by reference to a single fund or a basket of funds. Each nominal amount of Notes equal to the lowest Specified Denomination specified in the applicable Final Terms will be redeemed by payment of the Fund Linked Redemption Amount specified in the applicable Final Terms or, if not so specified, as defined in the Terms and Conditions of the Notes.

#### **Credit Linked Notes:**

*Credit Linked Interest Notes:* Notes with respect to which payment of interest is linked to the credit of a specified entity or entities, or to certain events that could occur with respect to such specified entity or entities, will be issued on such terms as may be agreed between the Issuer and the relevant Dealer(s) and specified in the applicable Final Terms or the Schedule thereto.

*Credit Linked Redemption Notes:* Notes with respect to which payment of principal is linked to the credit of a specified entity or entities, or to certain events that could occur with respect to such specified entity or entities, will be issued on such terms as may be agreed between the Issuer and the relevant Dealer(s) and specified in the applicable Final Terms or the Schedule thereto. If Conditions to Settlement are satisfied during the Notice Delivery Period, the Issuer will redeem the Notes at the Credit Event Redemption Amount, if Cash Settlement is specified in the applicable Final Terms, or by Delivery of the Deliverable Obligations comprising the Asset Amount, if Physical Delivery is specified in the applicable Final Terms, as more fully set out under 'Terms and Conditions of the Notes'.

#### **Dual Currency Notes:**

*Dual Currency Interest Notes:* Payments in respect of interest and whether at maturity or otherwise in respect of Dual Currency Interest Notes will be made in such currencies and based on such rates of exchange as the Issuer and the relevant Dealer(s) may agree and specified in the applicable Final Terms.

*Dual Currency Redemption Notes:* Payments in respect of principal and whether at maturity or otherwise in respect of Dual Currency Redemption Notes will be made in such currencies and based on such rates of exchange as the Issuer and the relevant Dealer(s) may agree and specified in the applicable Final Terms.



**Other provisions in relation to Floating Rate Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes, Credit Linked Interest Notes and Dual Currency Interest Notes:**

Floating Rate Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes, Credit Linked Interest Notes and Dual Currency Interest Notes may also have a maximum interest rate, a minimum interest rate or both as specified in the applicable Final Terms.

Interest on Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes and Dual Currency Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer(s) and specified in the applicable Final Terms.

**Early Redemption:** The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated Maturity Date (other than in specified instalments, if applicable, or following a Tax Call, an Index Adjustment Event, a Potential Adjustment Event or an Event of Default) or that such Notes will be redeemable at the option of the Issuer upon giving notice to the Noteholders on a date or dates specified prior to such stated Maturity Date and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer(s).

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

**Status of Notes:** The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, all as described in ‘Terms and Conditions of the Notes – Status of the Notes’. However, subordinated Notes may be issued pursuant to the Programme. In such event the applicable Final Terms will contain the details of such subordination.

**Cross Default:** See ‘Terms and Conditions of the Notes – Events of Default’.

**Rating:** Notes to be issued pursuant to the Programme may be rated or unrated. Generally, however, Notes issued pursuant to the Programme will be unrated.

**Taxation:** Rabobank Nederland is a Dutch resident for tax purposes. For the Dutch, Belgian, Luxembourg and U.S. tax consequences for the Noteholders, see ‘Taxation’.

**Effective yield:** The effective yield, if applicable, as per the first day of issue of a series of Notes will be mentioned in the applicable Final Terms.

**Governing Law:** Dutch law.

**Listing and admission to trading:** Application may be made to Euronext Amsterdam for Notes issued pursuant to the Programme and up to the expiry of twelve (12) months from the date of this Offering Circular to be admitted to trading on Euronext Amsterdam.

The Notes may also be listed on such other or further stock exchange or stock exchanges as may be agreed between the Issuer and the relevant Dealer(s) in relation to each issue. Unlisted Notes may also be issued. The applicable Final Terms will state whether or not the Notes are to be listed or admitted to trading, as the case may be, and, if so, on which stock exchange and/or markets.

**Selling Restrictions:** There are selling restrictions in relation to amongst others the United States, the European Economic Area (including the United Kingdom and The Netherlands) and such other restrictions as may be required in connection with the offering, sale and delivery of a particular Tranche of Notes. See ‘Subscription and Sale’.

In the case of a distribution under Rule 144A of the Securities Act, Notes will only be issued in registered form, as defined in U.S. Temp. Treas. Reg. §5f.103-1(c).

**Transfer Restrictions:** There are restrictions on the transfer of Registered Notes offered and sold pursuant to Rule 144A under the Securities Act. See ‘Transfer Restrictions’.

**Use of Proceeds:** The net proceeds of the Notes will be used by the Issuer for general corporate purposes.

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

## 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 as other risks may exist that are currently not known or that, based on today's knowledge, are not deemed to be material enough to be included in this section.*

*Unless the context otherwise requires, references in this chapter 'Risk Factors' to the 'Rabobank Group', 'Rabobank' or the 'Group' are to Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) and its members, subsidiaries and affiliates. Rabobank Nederland is a trading name of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. Rabobank Structured Products is a defined name for the purposes of this Offering Circular and the Structured Medium Term Note Programme of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. 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 period 2000 to 2005 was 22 basis points<sup>1</sup> and for 2006 was 15 basis points and for the first half of 2007 was 10 basis points, reflecting Rabobank Group's favourable credit risk profile. The ratio for the wholesale and international banking operations and for leasing was considerably lower in 2006, at 39 and 53 basis points respectively, compared to 2005, at 52 and 72 basis points respectively. The ratio for the domestic retail banking operations in 2006 was also lower, at 7 basis points, compared to 2005, at 9 basis points.

#### **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 excluding government policy that does not succeed in creating macro-economic and financial stability).

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<sup>1</sup> One basis point is 0.01 per cent.

## **Interest rate risk**

An important risk component for Rabobank Group is interest rate risk. Interest rate risk is the risk, outside the trading environment, of deviations in interest income and/or the market value of capital as a result of changes in market interest rates. Interest rate risk results mainly from mismatches between the periods for which interest rates are fixed for loans and funds entrusted. If interest rates increase, the rate for the liabilities, such as savings, can be adjusted immediately. This does not apply to the majority of the assets, such as mortgages, which have longer interest rate fixation periods.

## **Funding and liquidity risk**

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

## **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.

## **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 risk<sup>2</sup> 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'.

## **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:

- (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 Offering Circular 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;

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<sup>2</sup> Translation risk is the risk that exists when assets or liabilities are denominated in a currency deviating from the presentation 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 in the Notes should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of 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, the most common of which are set out below:

#### *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.

#### *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.

#### *Currency Linked Notes*

The Issuer may issue Notes where the amount of principal and/or interest payable are dependent upon movements in currency exchange rates or are payable in one or more currencies which may be different from the currency in which the Notes are denominated.

Potential investors in any such Notes should be aware that, depending on the terms of the Currency Linked Notes, (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest may occur at a different time or in a different currency than expected and (iii) they may lose a substantial portion of their investment. In addition, movements in currency exchange rates may be subject to significant fluctuations that

may not correlate with changes in interest rates or other indices and the timing of changes in the exchange rates may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in currency exchange rates, the greater the effect on yield.

If the amount of principal and/or interest payable are dependent upon movements in currency exchange rates and are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the currency exchange rates on principal or interest payable will be magnified.

The market price of such Notes may be volatile and, if the amount of principal and/or interest payable are dependent upon movements in currency exchange rates, may depend upon the time remaining to the redemption date and the volatility of currency exchange rates. Movements in currency exchange rates may be dependent upon economic, financial and political events in one or more jurisdictions.

#### *Commodity Linked Notes*

The Issuer may issue Notes where the amount of principal and/or interest payable are dependent upon the price or changes in the price of a commodity or basket of commodities or where, depending on the price or change in the price of the commodity or basket of commodities, on redemption the Issuer may be obliged to deliver specified assets.

Potential investors in any such Notes should be aware that depending on the terms of the Commodity Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment. In addition, the movements in the price of the commodity or commodities may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the commodity or the commodities 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 price or prices of the commodities, the greater the effect on yield.

If the amount of principal and/or interest payable are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the commodity or commodities on principal, interest payable or the amount of specified assets deliverable will be magnified.

The market price of such Notes may be volatile and may depend on the time remaining to the redemption date and the volatility of the price of the commodities. The price of commodities may be affected by economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) on which any such commodities may be traded.

#### *Index Linked Notes, Equity 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, to movements in currency exchange rates or other factors (each, a **Relevant Factor**). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (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 will likely 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.

### *Fund Linked Notes*

#### *General*

Neither the Issuer nor its Affiliates have the ability to control or predict the actions of the Fund Manager and/or the Fund Adviser, as the case may be. The Fund Manager and/or the Fund Adviser are/is not involved in the offer of the Notes in any way and has no obligation to consider the interests of the Noteholders in taking any corporate actions that might affect the value of the Notes.

The Issuer has no role in the Reference Fund. The Fund Manager and/or the Fund Adviser is responsible for making strategic, investment and other trading decisions with respect to the management of the Reference Fund, consistent with its investment objectives and/or investment restrictions as set out in its constitutive documents. The manner in which an Reference Fund is managed and the timing of such decisions will have a significant impact on the performance of the Reference Fund. Hence, the price which is used to calculate the performance of the Reference Fund is also subject to these risks. Set out below are risks common to any fund or funds and are not specific to the Reference Fund. These risks include<sup>3</sup>:

- (i) the risk that the share price of one or more of the assets in the Reference Fund's portfolio will fall, or will fail to rise. Many factors can adversely affect an asset's performance, including both general financial market conditions and factors related to a specific asset or asset class;
- (ii) general macro-economic or asset class specific factors, including interest rates, rates of inflation, financial instability, lack of timely or reliable financial information or unfavourable political or legal developments;
- (iii) asset allocation policies of the Fund Manager and/or the Fund Adviser;
- (iv) credit quality and the risk of default of one of the hedge funds or of assets generally held in the Reference Fund;
- (v) the risk that the Reference Fund's investment objectives and/or investment restrictions as set out in its constitutive documents are materially changed, not complied with or the method of calculating the Net Asset Value is materially changed;
- (vi) the risk that the Reference Fund is liquidated, dissolved or otherwise ceases to exist or it or its Fund Manager and/or the Fund Adviser is subject to a proceeding under any applicable bankruptcy, insolvency or other similar law; and
- (vii) the risk that the Reference Fund is subject to a fraudulent event.

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<sup>3</sup> Other risks may exist that are currently not known or that, based on today's knowledge, are not deemed to be material enough to be included in this section

Prospective investors in the Notes should be aware that the Fund Manager and/or the Fund Adviser will manage the Reference Fund in accordance with the investment objectives of and guidelines applicable to the Reference Fund. Furthermore, the arrangements between the Fund Manager and/or the Fund Adviser and the Reference Fund have, in most cases, not been negotiated at arm's length and that it is unlikely that the Fund Manager and/or the Fund Adviser will be replaced or that additional fund managers and/or fund advisers will be retained.

Potential investors in any such Notes should be aware that, depending on the terms of the Fund Linked Notes, (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest may occur at a different time than expected and (iii) they may lose a substantial portion of their investment.

#### *Use of estimates*

Potential investors should understand that for certain determinations, the Calculation Agent or the Issuer may be required to rely on (a) values that at the time they are required are only estimated values, and (b) information provided by third parties, such as the Fund Adviser or Fund Service Providers, the accuracy of which neither the Issuer nor the Calculation Agent has any control, and as such, they may rely on this information without any obligation to verify or otherwise corroborate it.

#### *Changing value*

The value of the Notes may move up or down between the Issue Date and the Maturity Date and an investor in the Notes in the secondary market during that time or on maturity of the Notes may sustain a significant loss. Factors that may influence the value of the Notes include: the value of the Reference Fund; the creditworthiness of the Issuer in respect of the Notes; and those economic, financial, political and regulatory events that affect financial markets generally (including, for example, interest, foreign exchange and yield rates in the market).

#### *Prospective purchasers of the Notes have no rights with respect to the Reference Fund or Shares in the Reference Fund*

A prospective purchaser of Notes has no rights with respect to the Shares in the Reference Fund including, without limitation, the right to receive dividends or other distributions. None of the Issuer or the Agents or any of their respective affiliates has performed any investigation or review of any entities that manage the Reference Fund for the purpose of forming a view as to the merit of an investment linked to the Reference Fund. None of the Issuer, any Agent or any of their respective affiliates have performed or will perform any investigation or review of any entities that manage the Reference Fund from time to time, including any investigation of public filings of such entities, for the purpose of forming a view as to the suitability of an investment linked to the Net Asset Value per Share and they make no guarantee or express or implied warranty in respect of the Reference Fund, the Fund Manager and/or the Fund Adviser or any other entity. Accordingly, investors should not conclude that the issue by the Issuer of the Notes is any form of investment recommendation or advice by any of the Issuer, any Agent or any of their respective affiliates.

#### *Notes may have principal protection only on the Maturity Date*

Prospective investors should note that the Notes may have a minimum redemption amount at maturity of the Protection Amount. There can be no assurance that the Notes will redeem above the minimum redemption amount. The return on the Notes will depend on the performance of the Reference Fund. If the value of the Basket does not increase over the term of the Notes, an investor in the Notes will not receive any return on its capital. Furthermore, such an investor will have lost the opportunity to earn the profit that it might have earned on a deposit or any investment in fixed income securities of the same amount and the same duration. If the Notes are redeemed early by the Issuer, investors in the Notes may not be repaid the amount originally invested by them in the Notes.



### *Notes may not be principal protected*

The investor should note that the Notes may not be principal protected. On the Maturity Date, the Final Redemption Amount per Note may be less than the initial investment amount and purchasers of Notes are exposed to full loss of principal.

### *Leverage*

Prospective investors should note that the Notes may expose investors to a substantial degree of leverage. This leverage offers the potential for significant profits but also entails a high degree of risk, including the risk of substantial reduction in value of the Index. If the Index Level increases, the Current Leverage (i.e. the allocation of notional investments in the Index to the Fund Component) may increase and thus increase participation in any further rises in value of the Fund Component. Using the Cash Loan, the allocation to the Fund Component can be increased up to a specified maximum of an amount. If the Index Level falls, to the extent the Cash Loan has been used, the Index will have a leveraged and, therefore, magnified exposure to such fall, which may cause a proportionately higher loss of yield to an investor in a declining market.

### *Effect of Reduction in Leverage*

Prospective investors should note that while a reduction in allocation to the Fund Component and reduction of the Cash Loan will protect an investor against reduced performance of the Reference Fund at the time such allocation adjustment is made, should the performance of the shares in the Reference Fund subsequently improve it will not be possible for an investor to take a corresponding advantage unless and until there is a subsequent allocation adjustment between the Cash Component and the Fund Component, which may only happen at prescribed intervals and is subject to delays reflecting the notional liquidity of the Shares in the Reference Fund.

### *No interest may be payable under the Notes*

Prospective investors should note that no interest may be paid on the Notes prior to their redemption date. An investor in the Notes, in the context of its own financial position, must be capable of holding the Notes to maturity with no income stream in the form of interest payments.

As there will be no periodic payment of interest to the Noteholders, any increase in the value of the Index or the Reference Fund, as the case may be, will not be crystallised until the Notes are redeemed, and the Notes may fall in value at any time prior to redemption.

### *Early maturity*

Prospective investors should understand that, if a Removal Event is applicable, on the occurrence of any of the Removal Events, the Calculation Agent may notionally liquidate all the Shares in the Reference Fund notionally comprised in the Fund Component and redeem the Notes early.

### *Credit Linked Notes*

The Issuer may issue Notes where the amount of principal and/or interest payable are dependent upon whether certain events have occurred in respect of a specified entity (the **Reference Entity**) and, if so, on the value of certain specified assets of the Reference Entity or where, if such events have occurred, on redemption the Issuer's obligation is to deliver certain specified assets.

Potential investors in any such Notes should be aware that depending on the terms of the Credit Linked Notes (i) they may receive no or a limited amount of interest or principal, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment.

The market price of such Notes may be volatile and will be affected by, amongst other things, the time remaining to the redemption date and the creditworthiness of the Reference Entity which in turn may be affected by the economic, financial and political events in one or more jurisdictions.

Where the Notes provide for physical delivery, the Issuer may determine that the specified assets to be delivered are either (a) assets which for any reason (including, without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the delivery of assets which are loans) it is impossible or illegal to deliver on the Settlement Date or (b) assets which the Issuer and/or any Affiliate has not received under the terms of any transaction entered into by the Issuer and/or such Affiliate to hedge the Issuer's obligations in respect of the Notes. Any such determination may delay settlement in respect of the Notes and/or cause the obligation to deliver such specified assets to be replaced by an obligation to pay a cash amount which, in either case, may affect the value of the Notes and, in the case of payment of a cash amount, will affect the timing of the valuation of such Notes and as a result, the amount of principal payable on redemption. Prospective purchasers should review the Terms and Conditions of the Notes and the applicable Final Terms to ascertain whether and how such provisions should apply to the Notes.

The Issuer's obligations in respect of Credit Linked Notes are irrespective of the existence or amount of the Issuer's and/or any Affiliates' credit exposure to a Reference Entity and the Issuer and/or any Affiliate need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

#### *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.

#### *Variable rate Notes with a multiplier or other leverage factor*

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

#### *Inverse Floating Rate Notes*

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

#### *Notes issued at a substantial discount or premium*

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

#### *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<sup>4</sup>. 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<sup>5</sup>:

#### *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/or vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

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<sup>4</sup> Other risks may exist that are currently not known or that, based on today's knowledge, are not deemed to be material enough to be included in this section

<sup>5</sup> Other risks may exist that are currently not known or that, based on today's knowledge, are not deemed to be material enough to be included in this section

The Conditions may be amended by the Issuer (i) for the purposes of curing any ambiguity, or for curing, correcting or supplementing any defective provision contained therein or (ii) in any manner which the Issuer may deem necessary or desirable and which shall not materially adversely affect the interests of the holders of the Notes, Receipts and Coupons, to all of which each holder of Notes, Receipts and Coupons shall, by acceptance thereof, consent. The Conditions also provide for the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 16(c) of the Notes.

#### *EU Savings Directive*

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

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

#### *Basel Capital Requirements Directive*

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

#### *Change of law*

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

### *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.

### *Bearer Notes where denominations involve integral multiples: definitive bearer Notes*

In relation to any issue of Bearer Notes which have denominations consisting of a minimum Specified Denomination and one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a holder who, as a result of such trading, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive bearer Note in respect of such holding (should definitive bearer Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination which is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

### *Book-Entry Interests*

The Registered Notes may be represented by one or more Global Certificates. The Global Certificates will be deposited with a custodian on behalf of DTC or its nominee. Except in limited circumstances, holders will not be entitled to receive certificated notes. DTC will maintain records of the beneficial interests in the Global Certificates. Holders will be able to trade their beneficial interests only through DTC or a participant of DTC. The laws of some jurisdictions, including some states in the United States, may require that certain purchasers of securities take physical delivery of such securities in certificated form. The foregoing limitations may impair a holder's ability to own, transfer or pledge its beneficial interests. A holder of beneficial interests in the Global Certificates in one of these jurisdictions will not be considered the owner or "holder" of the notes.

The Issuer will discharge its payment obligations under the Registered Notes by making payments to the custodian for distribution to the holders of beneficial interests at DTC or a participant of DTC with respect to interests of indirect participants. The Issuer and the initial purchasers of the Registered Notes will not have any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificates. A holder of beneficial interests must rely on the procedures of DTC or DTC's participants, through which holders hold their interests, to receive payments under the Registered Notes. The Issuer cannot assure holders that the procedures of DTC or DTC's nominees, participants or indirect participants will be adequate to ensure that holders receive payments in a timely manner.

A holder of beneficial interests in the Global Certificates will not have a direct right under the covenant governing these notes to act upon solicitations the Issuer may request. Instead, holders will be permitted to act only to the extent they receive appropriate proxies to do so from DTC or, if applicable, DTC's participants or indirect participants. Similarly, if the Issuer defaults on its obligations under the Registered Notes, as a holder of beneficial interests in the Global Certificates, holders will be restricted to acting through DTC, or, if applicable, DTC's participants or indirect participants. The Issuer cannot assure holders that the procedures of DTC or DTC's nominees, participants or indirect participants will be adequate to allow them to exercise their rights under the Registered Notes in a timely manner.

### **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<sup>6</sup>:

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<sup>6</sup> Other risks may exist that are currently not known or that, based on today's knowledge, are not deemed to be material enough to be included in this section

### *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 all 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.

Notes issued under the Programme may not be listed on a stock exchange or regulated market. In that case, pricing information may be more difficult to obtain, and the liquidity and market prices of such Notes may be adversely affected.

### *Exchange rate risks and exchange controls*

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

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 Offering Circular and have been filed with the AFM, and in its capacity as competent authority under the Dutch Securities Act, the **Competent Authority**) shall be deemed to be incorporated in, and to form part of, this Offering Circular:

- (a) the Terms and Conditions of notes as set forth in the offering circular of the Issuer's predecessor, Rabo Securities N.V., dated 19 August 2002, 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's predecessor, Rabo Securities N.V., dated 16 August 2003, 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's predecessor, Rabo Securities N.V., dated 2 August 2004, 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;
- (d) the Terms and Conditions of notes as set forth in the offering circular of the Issuer, dated 1 July 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;
- (e) the Terms and Conditions of notes as set forth in the offering circular of the Issuer, dated 27 December 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;
- (f) the Terms and Conditions of notes as set forth in the offering circular of the Issuer, dated 22 December 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;
- (g) 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 the auditor's report in respect of such financial statements;
- (h) the audited consolidated and unconsolidated financial statements of Rabobank Group for the years ended 31 December 2004, 2005 and 2006 (together with the explanatory notes) and the auditor's report in respect of such financial statements;
- (i) the unaudited semi-annual financial statements of Rabobank Group for the six months ended 30 June 2007; and
- (j) the most recent articles of association of the Issuer.

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

The Issuer will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents 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 Offering Circular. In addition, such documents will be available, without charge, from the principal office in the Netherlands of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International), Croeselaan 18, 3521 CB Utrecht, The Netherlands.

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

If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading, a new Offering Circular will be prepared.



## IMPORTANT INFORMATION

This Offering Circular is a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and the Dutch securities laws.

The Issuer (the **Responsible Person**) accepts responsibility for the information contained in this Offering Circular. 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 Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Offering Circular in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers and the persons named in or identifiable following the applicable Final Terms as the Financial Intermediaries, as the case may be.

Certain information under the headings 'Clearing and Settlement' and 'Description of business of the Rabobank Group' has been extracted from in the case of the information under the heading 'Clearing and Settlement', information provided by the clearing systems referred to therein and in the case of the information under the heading 'Description of business of the Rabobank Group', from "*The Banker*" magazine, the Dutch Land Registry Office (*Kadaster*) and Statistics Netherlands (*Centraal Bureau voor de Statistiek*). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the the relevant clearing systems, "*The Banker*" magazine, the Dutch Land Registry Office (*Kadaster*) and Statistics Netherlands (*Centraal Bureau voor de Statistiek*), no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Offering Circular 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 Offering Circular.

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

This Offering Circular is being submitted on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

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

The Dealer(s) (excluding Rabobank International) have not independently verified the information contained in this Offering Circular. 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 Offering Circular 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 Offering Circular 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 Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers. Neither the delivery of this Offering Circular 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 Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any 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 Offering Circular 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 Offering Circular 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 Offering Circular 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 Offering Circular and any Final Terms and the offering, sale or delivery of any Notes in certain jurisdictions may be restricted by law.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and the regulations promulgated thereunder.

This Offering Circular 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 Offering Circular 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 Offering Circular 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, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer or the Dealer(s) which would permit a public offering of any Notes outside the Netherlands or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular 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 Offering Circular 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 Offering Circular or any Final Terms and the offering and sale of Notes. See 'Subscription and Sale'.

This Offering Circular has been prepared on the basis that, except to the extent clause (ii) in the following sentence may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) will be made pursuant to an

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

The Issuer maintains its financial books and records and prepares its financial statements in euro in accordance with International Financial Reporting Standards (*IFRS*) as adopted by the European Commission, which differ in certain important respects from generally accepted accounting principles in the United States (*U.S. GAAP*).

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

All references in this document to ‘US \$’, ‘U.S. Dollars’ and ‘USD’ are to the lawful currency of the United States of America and to ‘€’, ‘euro’ and ‘EUR’ are to the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on the European Union.

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 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. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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

**TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

**Available information under Rule 144A**

The Issuer is exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Securities Exchange Act of 1934, as amended (the **Exchange Act**). As long as the Issuer is exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, it will furnish its annual report and certain other periodic reports and information to the SEC. At such time of filing the Issuer will be exempt from providing the information required under Rule 144A(d)(4) described in the paragraph below. Copies of the materials furnished to the SEC may be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, DC 20549.

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

**Forward-looking statements**

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

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

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

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

**Circular 230 Notice**

To ensure compliance with requirements imposed by the U.S. Internal Revenue Service (the *IRS*), the Issuer hereby informs you that any tax discussion herein was not written and is not intended to be used and cannot be used by any taxpayer for purposes of avoiding United States federal tax penalties that may be imposed on the taxpayer. Any such tax discussion was written to support the promotion or marketing of the Notes to be issued

pursuant to this Offering Circular. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax adviser.

Notwithstanding any provision herein and its contents, and effect from the date of commencement of discussion concerning this offering of Notes, each party hereto (and each employee, representative, or other agent of such party) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of this transaction and all materials of any kind (including opinions of other tax analyses) that are provided to it relating to such tax treatment and tax structure, except to the extent that any such disclosure could reasonably be expected to cause this offering not be in compliance with securities laws. In addition, no person may disclose the name of or identifying information with respect to any party identified herein or other non-public business or financial information that is unrelated to the tax treatment or tax structure of this transaction without the prior consent of the Issuer. For purposes of this paragraph, the tax treatment of this transaction is the purported or claimed U.S. federal income tax treatment of this transaction, and the tax structure of this transaction is any fact that may be relevant to understanding the purported or claimed U.S. federal income tax treatment of this transaction.

### **Service of process and enforcement of civil liabilities**

The Issuer is a corporation organised under the laws of the Netherlands. All of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of the Issuer and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside the Netherlands upon the Issuer or such persons, or to enforce judgments against them obtained in courts outside the Netherlands predicated upon civil liabilities of the Issuer or such directors and officers under laws other than the Netherlands law, including any judgment predicated upon United States federal securities laws.

## **GENERAL DESCRIPTION OF THE PROGRAMME**

Pursuant to the Programme, the Issuer may from time to time issue Notes denominated in any currency agreed by the Issuer and the relevant Dealer(s) having maturities of one (1) week or longer (or such other minimum or maximum maturity 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 relevant currency). A description of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer(s) prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under 'Terms and Conditions of the Notes' below.

This Offering Circular (together with the applicable Final Terms, and supplements, if any) will be valid for unlisted Notes or for listing or admission to trading of Notes on Euronext Amsterdam or any other stock exchange during the period of twelve (12) months from the date of this Offering Circular in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued pursuant to the Programme, does not exceed EUR 8,000,000,000 or its equivalent in other currencies. For the purpose of calculating the euro equivalent of the aggregate nominal amount of Notes issued pursuant to the Programme from time to time:

- (a) the euro equivalent of Notes denominated in a Specified Currency other than euro (as specified in the applicable Final Terms in relation to the relevant Notes, described in the 'Summary of the Programme' under 'Form of Notes') 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 London, 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 London foreign exchange market quoted by any leading international bank agreed between the Issuer and the relevant Dealer(s) on the relevant day of calculation;
- (b) the euro equivalent of Notes in respect of which no interest is due prior to the Maturity Date (as specified in the applicable Final Terms in relation to the relevant Notes, described in the 'Summary of the Programme' under 'Form of Notes') 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 (as specified in the applicable Final Terms in relation to the relevant Notes, described in the 'Summary of the Programme' under 'Form of Notes') shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes.

## FORM OF FINAL TERMS

*[(Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of less than EUR 50,000 (or its equivalent in another currency).]*

Date: [●]

### RABOBANK STRUCTURED PRODUCTS

#### **Issue of [aggregate nominal amount of Tranche] [Title of Notes] pursuant to the EUR 8,000,000,000 Structured Medium Term Note Programme**

[IN NO CIRCUMSTANCES MAY THE NOTES BE REDEEMED BY THE ISSUER AT THE MATURITY DATE FOR LESS THAN THE PROTECTION AMOUNT, EXCEPT THAT IN THE EVENT OF INSOLVENCY OF THE ISSUER OR IN THE EVENT OF AN EARLY REDEMPTION PURSUANT TO CONDITION 5(b), 5(g), [7(b)]<sup>7</sup>, [8(b)]<sup>8</sup> OR 14 THE NOTES MAY BE REDEEMED AT LESS THAN THE PROTECTION AMOUNT.]<sup>9</sup>

THE ISSUER HAS MADE NO 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 Offering Circular referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 46 of Part A below, provided such person is one of the persons mentioned in Paragraph 46 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].<sup>10</sup>

[The Offering Circular referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such

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<sup>7</sup> Insert if Equity Linked Notes

<sup>8</sup> Insert if Index Linked Notes

<sup>9</sup> Insert if Protection Amount is applicable

<sup>10</sup> Consider including this legend where a non-exempt offer of Notes is anticipated

offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].<sup>11</sup>

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 24 December 2007 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular is available for viewing during normal business hours and may be obtained at Rabobank International, Croeselaan 18, 3521 CB Utrecht, The Netherlands and [www.rabobank.nl](http://www.rabobank.nl).

*[The following alternative language applies if the first tranche of an issue which is being increased (a further issue pursuant to Condition 18) was issued under an Offering Circular with an earlier date. Solely the Terms and Conditions in the Offering Circular with an earlier date should be inserted in the Schedule [●] to this document.*

Terms used herein shall be deemed to be defined as such for the purposes of the conditions as set out in Schedule [●] to this document. This document constitutes the Final Terms of the securities described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) and must be read in conjunction with the Offering Circular dated 24 December 2007 which constitutes a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are replaced by the conditions as set out in Schedule [●] to this document. Full information on the Issuer and the offer of the securities is only available on the basis of the combination of these Final Terms and the Offering Circular dated 24 December 2007, save for the Conditions, which are replaced by the conditions as set out in Schedule [●] to this document. Copies of such Offering Circulars are available for viewing during normal business hours and may be obtained at Rabobank International, Croeselaan 18, 3521 CB Utrecht, The Netherlands and [www.rabobank.nl](http://www.rabobank.nl).]

*[The following alternative language applies if Notes are issued pursuant to Rule 144A.]*

THE NOTES REFERRED TO HEREIN THAT ARE REPRESENTED BY A GLOBAL CERTIFICATE 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 MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF NOTES REPRESENTED BY A GLOBAL CERTIFICATE]

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<sup>11</sup> Consider including this legend where only an exempt offer of Notes is anticipated



These Final Terms do not constitute an offer to sell or the solicitation of an offer to buy any Notes other than the Notes to which they relate or an offer to sell or the solicitation of an offer to buy Notes by any person in any circumstances in which such offer or solicitation is unlawful.

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 come 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 Offering Circular as supplemented or amended by these Final Terms.

The information contained in these Final Terms does not constitute an investment recommendation.

*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 Offering Circular, as supplemented from time to time.*

[A [Dutch] language description of the principal terms of the Notes is contained in Annex I hereto.]

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms and should be deleted upon finalisation.]*

*[When adding any other terms, risk warnings or information, consideration should be given as to whether such terms, risk warnings or information constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.]*

1. Issuer: Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.  
(Rabobank Structured Products)
2. (a) Series Number: [●]  
(b) Tranche Number: [●]  
  
*[If fungible with an existing Tranche insert:  
The Notes issued pursuant to these Final Terms will be consolidated and form a single series with [insert title of original Notes] (the Tranche 1 Notes), issued pursuant to the Final Terms dated [●], with effect from [insert the Issue Date]/[insert the date 40 days after the Issue Date].]*
3. Specified Currency or Currencies: [●]
4. Aggregate nominal amount: The aggregate nominal amount of the Notes will depend on the amount of Notes subscribed for during the Offer Period and will be published as soon as practicable after the Offer Period (as further set out in Paragraph 14 of Part B).  
  
(a) Series: [●]  
(b) Tranche: [●]

5. Issue Price of Tranche: [●] per cent. of the aggregate nominal amount [provided that the Issue Price will depend on general market conditions subsequent to the end of the Offer Period and will be published as soon as practicable after the Offer Period.]
6. Specified Denominations: [●]
- (N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €[1,000] minimum denomination is not required.)*
7. (a) Issue Date: [●]
- (b) Interest Commencement Date: [●]/[Not Applicable]
8. Maturity Date or Redemption Month: [●] [Fixed Rate – *Specify date*]  
[Floating Rate - Interest Payment Date falling in or nearest to *Specify month*] [(the **Scheduled Maturity Date**) [subject as provided in Condition 10(d) [./and] [Condition 10(e)] [and] [Condition 10(f)] (*Include for Credit Linked Notes*)] (*In the case of Index Linked Notes, Equity Linked Notes or Fund Linked Notes, consider providing for postponement of Maturity Date if (i) the final Valuation Date is postponed by reason of a Market Disruption Event or (ii) there is a Settlement Disruption Event*)
9. Interest Basis: [[●] per cent. Fixed Rate]  
[[LIBOR/EURIBOR/Other (*specify*)] +/-][●] per cent. Floating Rate]  
[Zero Coupon]  
[Currency Linked Interest]  
[Commodity Linked Interest]  
[Equity Linked Interest]  
[Index Linked Interest]  
[Credit Linked Interest]  
[Fund Linked Interest]  
[Dual Currency Interest]  
[Non-interest bearing]  
[Other (*Specify*)]  
(*Further particulars specified below*)
10. (a) Redemption/Payment Basis: [Redemption at par]  
[Currency Linked Redemption]  
[Commodity Linked Redemption]  
[Equity Linked Redemption]  
[Index Linked Redemption]  
[Credit Linked Redemption]  
[Fund Linked Redemption]  
[Dual Currency Redemption]  
[Partly Paid]

- [Instalment]  
[Other (*Specify*)]
- (b) Protection Amount: [Principal Protected/[●] per cent. of the Specified Denomination/Not Applicable]
11. Change of Interest Basis 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 Option/Call Option/Obligatory Redemption: [Put Option]/[Call Option]/[Obligatory Redemption]/[Not Applicable]  
  
(*Further particulars specified below*)
13. (a) Status of the Notes: [Senior/Subordinated (*Specify*)]  
  
(b) Domestic Note: [No/Yes]  
(*if Domestic Note, there will be no gross-up for withholding tax*)  
  
(c) Date 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*)
- (a) Rate(s) of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/other (*specify*)] in arrear]
- (b) Interest Payment Date(s): [●] in each year
- (c) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[*Specify other*]/[Not Applicable]]
- (d) Additional Financial Centre(s): [●]/[Not Applicable]
- (e) Fixed Coupon Amount(s): [●] per Specified Denomination
- (f) Broken Amount(s): [*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount and the Interest Payment Dates to which they relate/Not Applicable*]
- (g) Day Count Fraction: [Actual/Actual Actual/365]

Actual/365 (Fixed)  
 Actual/365 (Sterling)  
 Actual/360  
 30/360  
 30E/360  
 30E/360 (ISDA)  
 Actual/Actual (ISMA)  
 Actual/Actual (ISDA)  
 Other]

*(See General Definitions in Terms and Conditions for alternatives)*

- (h) 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]*
- (a) Specified Period(s)/Specified Interest Payment Date(s): [●]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*[Specify other]*]
- (c) Additional Financial Centre(s): [●]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*Specify other*]
- (e) Screen Rate Determination:
- (i) Reference Rate: [●]  
*(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)*
- (ii) Interest Determination Date(s): [●]  
*(Second London business day prior to the start of each Interest Period if LIBOR (other than euro (LIBOR)) and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- (iii) Relevant Screen [●]

Page: *(In the case of EURIBOR, if not Reuters EURIBOR 01, ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*

- (f) ISDA Determination:
- (i) Floating Rate Option: ☐
  - (ii) Designated Maturity: ☐
  - (iii) Reset Date: ☐
- (g) Margin(s): ☐ per cent. per annum]/[Not Applicable]
- (h) Minimum Rate of Interest: ☐ per cent. per annum]/[Not Applicable]
- (i) Maximum Rate of Interest: ☐ per cent. per annum]/[Not Applicable]
- (j) Day Count Fraction: ☐ Actual/Actual  
Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
Actual/Actual (ISMA)  
Actual/Actual (ISDA)  
Other]  
*(See General Definitions in Terms and Conditions for alternatives)*
- (k) 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]*
- (a) Any formula/basis of determining amount payable: ☐
  - (b) Other terms or special conditions: ☐

#### **CURRENCY LINKED INTEREST NOTE PROVISIONS**

18. Currency Linked Interest Note Provisions: ☐ Applicable/Not Applicable]  
*[If not applicable, delete the remaining sub-paragraphs of this paragraph]*

*paragraph]*

- (a) Relevant Currency: [●]
- (b) Description of formula to be used to determine the Rate of Interest: [Give details]/[See Schedule]
- (c) Provisions for determining the Rate of Interest where calculation by reference to the formula is impossible or impracticable: [Applicable/Not Applicable] *[If applicable, need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (d) Specified Period(s)/Specified Interest Payment Date(s): [●]
- (e) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*[Specify other]*]
- (f) Additional Financial Centre(s): [●]
- (g) Minimum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]
- (h) Maximum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]
- (i) Day Count Fraction: [Actual/Actual  
Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
Actual/Actual (ISMA)  
Actual/Actual (ISDA)  
Other]  
*(See General Definitions in Terms and Conditions for alternatives)*
- (j) Other terms or special conditions: [●]

#### **COMMODITY LINKED INTEREST NOTE PROVISIONS**

- 19. Commodity Linked Interest Note Provisions: [Applicable/Not Applicable]  
*[If not applicable, delete remaining sub-paragraphs of this paragraph]*
- (a) Relevant Commodity or Commodities: [Single Commodity/Basket of Commodities]*[Give details]*/[See Schedule]

- (b) Description of formula to be used to determine the Rate of Interest: [Give details]/[See Schedule]
- (c) Provisions for determining the Rate of Interest where calculation by reference to the Commodities and/or formula is impossible or impracticable: [Applicable/Not Applicable] *[If applicable, need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (d) Specified Period(s)/Specified Interest Payment Date(s): [●]
- (e) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*[Specify other]*]
- (f) Additional Financial Centre(s): [●]
- (g) Minimum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]
- (h) Maximum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]
- (i) Day Count Fraction: [Actual/Actual  
Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
Actual/Actual (ISMA)  
Actual/Actual (ISDA)  
Other]  
*(See General Definitions in Terms and Conditions for alternatives)*
- (j) Other terms or special conditions: [●]

## INDEX LINKED INTEREST NOTE PROVISIONS

20. Index Linked Interest Note Provisions: [Applicable/Not Applicable]  
*[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (a) Index or Indices: [Single Index/Basket of Indices] *[Give details]*/[See Schedule]
- (b) Name of Index Sponsor(s): *[Give details]*/[See Schedule]

- (c) Description of formula to be used to determine the Rate of Interest: [●]
- (d) Provisions for determining the Rate of Interest where calculation by reference to Index or Indices and/or formula is impossible or impracticable: [Applicable/Not Applicable] *[If applicable, need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (e) Specified Period(s)/Specified Interest Payment Date(s): [●]
- (f) Observation Period(s): [●]
- (g) Observation Date(s):
- (h) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*[Specify other]*]
- (i) Additional Financial Centre(s): [●]
- (j) Minimum Rate of Interest: [[●] per cent. per annum/[Not Applicable]]
- (k) Maximum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]
- (l) Day Count Fraction: [Actual/Actual  
Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
Actual/Actual (ISMA)  
Actual/Actual (ISDA)  
Other]  
*(See General Definitions in Terms and Conditions for alternatives)*
- (m) Valuation Date(s): [●] *(where Averaging Dates are to be used, ensure all relevant details are included)*
- (n) Valuation Time: [Condition [7(c)] applies/*(Specify if other)*]
- (o) Disrupted Day: [Applicable/Not Applicable]
- (p) Exchange(s): [●]



- (q) Related Exchange(s): [All Exchanges]/[●]
- (r) Others terms or special conditions: [●]

## EQUITY LINKED INTEREST NOTE PROVISIONS

21. Equity Linked Interest Note Provisions: [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (a) Underlying Equity or Equities: [Single Underlying Equity/Basket of Underlying Equities]  
*[Give details for each class of Underlying Equity:*
- (i) Underlying Equity:
- (i) Equity Issuer(s):
- (iii) the ISIN/Common Code of Underlying Equities:]/  
[See Schedule]
- (b) Description of formula to be used to determine the Rate of Interest: *[Give details]/[See Schedule]*
- (c) Provisions for determining the Rate of Interest where calculation by reference to the Underlying Equities and/or formula is impossible or impracticable: [Applicable/Not Applicable] *[If applicable, need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (d) Specified Period(s)/Specified Interest Payment Date(s): [●]
- (e) Observation Period(s): [●]
- (f) Observation Date(s): [●]
- (g) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*[Specify other]*]
- (h) Additional Financial Centre(s): [●]
- (i) Minimum Rate of Interest: [[●] per cent. per annum/[Not Applicable]
- (j) Maximum Rate of Interest: [[●] per cent. per annum/[Not Applicable]
- (k) Day Count Fraction: [Actual/Actual]

Actual/365  
 Actual/365 (Fixed)  
 Actual/365 (Sterling)  
 Actual/360  
 30/360  
 30E/360  
 30E/360 (ISDA)  
 Actual/Actual (ISMA)  
 Actual/Actual (ISDA)  
 Other]  
*(See General Definitions in Terms and Conditions for alternatives)*

- (l) Valuation Date(s): [●] *(where Averaging Dates are to be used, ensure all relevant details are included)*
- (m) Valuation Time: [Condition 8(d) applies/(Specify if other)]
- (n) Disrupted Day: [Applicable/Not Applicable]
- (o) Exchange(s): [●]
- (p) Related Exchange(s): [All Exchanges]/[●]
- (q) Exchange Rate: [Applicable/Not Applicable] *[If applicable, insert details]*
- (r) Other terms or special conditions: [●]

#### **CREDIT LINKED INTEREST NOTE PROVISIONS**

- 22. Credit Linked Interest Note Provisions: [Applicable/Not Applicable]  
*[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (a) Reference Entity or Entities: [Single Reference Entity/Basket of Reference Entities] *[Give details]/[See Schedule]*
- (b) Description of formula to be used to determine the Rate of Interest: [●]
- (c) Provisions for determining the Rate of Interest where calculation by reference to References Entity or Entities and/or formula is impossible or impracticable: [Applicable/Not Applicable] *[If applicable, need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (d) Specified Period(s)/Specified Interest Payment Date(s): [●]

- (e) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[Specify other]]
- (f) Additional Financial Centre(s): [●]
- (g) Minimum Rate of Interest: [[●] per cent. per annum/[Not Applicable]]
- (h) Maximum Rate of Interest: [[●] per cent. per annum/[Not Applicable]]
- (i) Day Count Fraction: [Actual/Actual  
Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
Actual/Actual (ISMA)  
Actual/Actual (ISDA)  
Other]  
(See General Definitions in Terms and Conditions for alternatives)
- (j) Others terms or special conditions: [●]

## FUND LINKED INTEREST NOTE PROVISIONS

23. Fund Linked Interest Note Provisions: [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (a) Reference Fund or Funds: [Single Reference Fund (Give details for each Reference Fund /Basket of Reference Funds)  
  
[●] (ISIN: [●])](Give details for each Reference Fund)/[See Schedule]
- (b) Description of formula to be used to determine the Rate of Interest: [Give details]/[See Schedule]
- (c) Provisions for determining the Rate of Interest where calculation by reference to the Reference Fund(s) and/or formula is impossible or impracticable: [Applicable/Not Applicable] *[If applicable, need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (d) Specified Period(s)/Specified [●]

Interest Payment Date(s):

- (e) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[Specify other]]
- (f) Additional Financial Centre(s): [●]
- (g) Day Count Fraction: [Actual/Actual  
Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
Actual/Actual (ISMA)  
Actual/Actual (ISDA)  
Other]  
(See General Definitions in Terms and Conditions for alternatives)
- (h) Valuation Date(s): [●] (where Averaging Dates are to be used, ensure all relevant details are included)
- (i) Valuation Time: [●]
- (j) Fund Disrupted Day: [Not Applicable/Applicable]
- (k) Fund Administrator: [Not Applicable/Applicable] (if applicable, specify)
- (l) Fund Adviser: [Not Applicable/Applicable] (if applicable, specify)
- (m) Fund Manager: [Not Applicable/Applicable] (if applicable, specify)
- (n) Other terms or special conditions: [●]

## DUAL CURRENCY INTEREST NOTE PROVISIONS

- 24. Dual Currency Interest Note Provisions: [Applicable/Not Applicable] [If not applicable, delete the remaining sub-paragraphs of this paragraph]
  - (a) Rate of Exchange/method of calculating Rate of Exchange: [Give details]/[See Schedule] [Screen Page: [●]] [Bloomberg/Reuters]
  - (b) Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable: [Applicable/Not Applicable] [If Applicable, need to include a description of market disruption or settlement disruption events and adjustment provisions]

- (c) Day Count Fraction: [Actual/Actual  
Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
Actual/Actual (ISMA)  
Actual/Actual (ISDA)  
Other]

*(See General Definitions in Terms and Conditions for alternatives)*

- (d) Other terms or special conditions: [●]

#### **PROVISIONS RELATING TO OPTIONAL REDEMPTION AND FINAL REDEMPTION AMOUNT**

25. Call Option: [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*  
(Condition 5(c))
- (a) Optional Redemption Date(s): [●]
- (b) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s): [●]
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [●]
- (ii) Higher Redemption Amount: [●]
- (d) Notice period (if other than as set out in the Conditions): [●]
26. Put Option: [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*  
(Condition 5(d))
- (a) Optional Redemption Date(s): [●]

- (b) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s): [●]
- (c) Notice period (if other than as set out in the Conditions): [●]
27. Obligatory Redemption: (Condition 5(f)) [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (a) Obligatory Redemption Date(s): [●]
- (b) Obligatory Redemption Amount of each Note and method, if any, of calculation of such amount(s): [●]
28. Final Redemption Amount of each Note: [[●] per Specified Denomination/Par/Specify other/See below/See Schedule/Not Applicable]
- [Ensure provisions for each type of Note are contained in the Schedule or are completed below. Delete provisions that are not applicable to the Notes.]*

#### **CURRENCY LINKED REDEMPTION NOTE PROVISIONS**

29. Currency Linked Redemption Notes: [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- [Give details]/[See Schedule]
- (a) Relevant Currency: [●]
- (b) Relevant provisions for determining the Final Redemption Amount: [●]
- (c) Other terms or special conditions: [●]

#### **COMMODITY LINKED REDEMPTION NOTE PROVISIONS**

30. Commodity Linked Redemption Notes: [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (a) Relevant Commodity/Commodities: [●]

- (b) Relevant provisions for determining the Final Redemption Amount: [●]
- (c) Other terms or special conditions: [●]

## INDEX LINKED REDEMPTION NOTE PROVISIONS

31. Index Linked Redemption Notes: [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (a) Whether the Notes relate to a basket of indices or a single index and the identity of the relevant Index/Indices and details of the relevant Index Sponsor(s): [Single Index/Basket of Indices]  
Index or Indices:  
Index Sponsor(s):
  - (b) Relevant provisions for determining the Final Redemption Amount: [●]
  - (c) Observation Period(s): [●]
  - (d) Observation Date(s): [●]
  - (e) Valuation Date(s): [●] *(where Averaging Dates are to be used, ensure all relevant details are included(Omission/Postponement/ Modified Postponement))*
  - (f) Valuation Time: [Condition [7(c)] applies/(Specify if other)]
  - (g) Disrupted Day: [Applicable/Not Applicable]  
*[If applicable, consider provisions for calculation of the Reference Level if a Disrupted Day occurs included in Condition 7(c) and if not appropriate insert appropriate provisions]*
  - (h) Multiplier for each Index comprising the basket: [Not Applicable/Applicable] *(if applicable, insert details)*
  - (i) Index Adjustment Event: [Applicable/Not Applicable] *[See Condition 7(b)(ii)]*
  - (j) Additional Disruption Events: [Applicable/Not Applicable]  
[Hedging Disruption]  
[Increased Cost of Hedging]  
[Other]
  - (k) Exchange(s): [●]

- (l) Related Exchange(s): [All Exchanges]/[●]
- (m) Other terms or special conditions: [●]

## EQUITY LINKED REDEMPTION NOTE PROVISIONS

32. Equity Linked Redemption Notes: [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (a) Whether the Notes relate to a basket of equity securities or a single equity security (each an **Underlying Equity**) and the identity of the relevant issuer(s) of the Underlying Equity/Equities) (each an **Equity Issuer**): [Single Underlying Equity/Basket of Underlying Equities]  
*[Give or annex details of issuer(s)]*
- (i) Underlying Equity/Equities: [Existing ordinary shares of the Equity Issuer]
- (ii) Equity Issuer: [●] (Bloomberg code [●]);
- (iii) ISIN/Common Code: [●]/[●]
- (b) Whether redemption of the Notes will be by (a) Cash Settlement or (b) Physical Delivery or (c) Cash Settlement and/or Physical Delivery: [Cash Settlement/Physical Delivery/Cash Settlement and/or Physical Delivery]  
*[If Cash Settlement and/or Physical Delivery is specified, specify details for determining in what circumstances Cash Settlement or Physical Delivery will apply]*
- (c) Relevant provisions for determining the Final Redemption Amount: [●]
- (d) Observation Period(s): [●]
- (e) Observation Date(s): [●]
- (f) Valuation Date(s): [●] *(where Averaging Dates are to be used, ensure all relevant details are included/Omission/Postponement/ Modified Postponement)*
- (g) Valuation Time: [Condition 8(d)] applies/(Specify if other)]
- (h) Disrupted Day: [Applicable/Not Applicable]  
*[If applicable consider whether the provisions for calculation of the Reference Price if a Disrupted Day occurs which are included in Condition 8(d) are appropriate and, if they are not, insert appropriate provisions]*
- (i) Multiplier for each Underlying Equity comprising the basket (which is subject to adjustment as set out in



Condition 8(b)):

- |     |  |  |
|-----|--|--|
| (j) | Trade Date:  | <i>[Issue Date (if either (a) there is no related swap transaction or (b) the Trade Date of the related swap transaction is the same date as the Issue Date)]/[Insert Trade Date of related swap transaction (if different from Issue Date)]</i> |
| (k) | Relevant Assets:   | <i>[Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery]</i>   |
| (l) | Asset Amount:  | <i>[Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery]</i>   |
| (m) | Cut-off Date:  | <i>[Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery]</i>   |
| (n) | Delivery provisions for Asset Amount (including details of who is to make such delivery) if different from Terms and Conditions: | <i>[Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery]</i>   |
| (o) | Potential Adjustment Events:   | Applicable/Not Applicable <i>[See Condition 8(b)(i)]</i>   |
| (p) | De-listing:  | [Applicable/Not Applicable]  |
| (q) | Merger Event:  | [Applicable/Not Applicable]  |
| (r) | Nationalisation:   | [Applicable/Not Applicable]  |
| (s) | Insolvency:  | [Applicable/Not Applicable]  |
| (t) | Tender Offer:  | [Applicable/Not Applicable]  |
| (u) | Additional Disruption Events:  | [Applicable/Not Applicable]<br>[Hedging Disruption]<br>[Increased Cost of Hedging]<br>[Other]  |
| (v) | Exchange(s):   | [●]  |
| (w) | Related Exchange(s):   | [All Exchanges]/[●]  |
| (x) | Exchange Rate:   | [Applicable/Not Applicable] <i>[If applicable, insert details]</i>   |
| (y) | Other terms or special conditions:   | [●]  |

**CREDIT LINKED REDEMPTION NOTE PROVISIONS**

33. Credit Linked Redemption Notes: *[Applicable/Not Applicable] [If not applicable, delete the remaining sub-paragraphs of this paragraph]*

- (a) Whether redemption of the Notes will be by (a) Cash Settlement or (b) Physical Delivery or (c) Cash Settlement and/or Physical Delivery: [Cash Settlement/Physical Delivery]
- (b) Relevant provisions for determining the Credit Event Redemption Amount: [●]
- (c) Valuation Date(s): [Single Valuation Date: [●] Business Days]  
[Multiple Valuation Dates: [●] Business Days; and each [●] Business Days thereafter. Number of Valuation Dates: [●]]
- (d) Valuation Time: [●]
- (e) Calculation Agent City: [●]
- (f) Trade Date: [Issue Date *(if either (a) there is no related swap transaction or (b) the Trade Date of the related swap transaction is the same date as the Issue Date)*]/[Insert Trade Date of related swap transaction *(if different from Issue Date)*]
- (g) Reference Entity or Entities: [●]
- (h) Reference Obligation or Obligations: [●]
- [The obligation(s) identified as follows:
- Primary Obligor: [●]
- Guarantor: [●]
- Maturity: [●]
- Coupon: [●]
- CUSIP/ISIN: [●]]
- (i) All Guarantees: [Applicable/Not Applicable]  
Provisions relating to Qualifying Guarantee and Underlying Obligation: [Applicable/Not Applicable]
- (j) Credit Events: [Bankruptcy]  
[Failure to Pay]

[Payment Requirement: [●]]  
 [Grace Period Extension: Applicable/Not Applicable]  
 [If Applicable: Grace Period: [●]]  
 [Obligation Default]  
 [Obligation Acceleration]  
 [Repudiation/Moratorium]  
 [Restructuring]

- Provisions relating to Multiple Holder Obligation: Condition 10(l) [Applicable/Not Applicable]
- Provisions relating to Restructuring Credit Event: Condition 10(k) [Applicable/Not Applicable]
- Provisions relating to Repudiation/Moratorium Extension: Condition 10(f)(ii) [Applicable/Not Applicable]
- [Restructuring Maturity Limitation and Fully Transferable Obligation [Applicable/Not Applicable]]
- [Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation [Applicable/Not Applicable]]

[Other]

- |     |   |  |
|-----|---|--|
|     | Default Requirement:  | [●]  |
| (k) | Conditions to Settlement:                                   | Notice of Publicly Available Information [Applicable/Not Applicable]<br><br>[If Applicable:<br>Public Source(s): [●]<br>Specified Number: [●]]   |
| (l) | Obligation(s):  | [●]  |
|     | Obligation Category:<br>[select one only]:                  | [Payment]<br>[Borrowed Money]<br>[Reference Obligations Only]<br>[Bond]<br>[Loan]<br>[Bond or Loan]  |
|     | Obligation Characteristics:<br>[select all of which apply]: | [Not Subordinated]<br>[Specified Currency:<br>[Specify currency] [Standard Specified Currencies]]<br>[Not Sovereign Lender]<br>[Not Domestic Currency:]<br>[Domestic Currency means: [Specify currency]]<br>[Not Domestic Law]<br>[Listed]<br>[Not Domestic Insurance] |
|     | Additional Obligation(s):                                   | [●]  |

- (m) Excluded Obligations(s): [●]
- (n) Accrual of Interest upon Credit Event: [Applicable/Not Applicable]
- (o) Redemption following Merger Event: [(a)] Condition 10(i) [Applicable/Not Applicable]  
(If Applicable):  
[(b)] Merger Event Redemption Date:[●]
- (p) Credit Event Redemption Amount: [●][Express per lowest Specified Denomination]
- (q) Credit Event Redemption Date: [●] Business Days
- (r) Quotation Method: [Bid/Offer/Mid-market]
- (s) Quotation Amount: [[●]/Representative Amount]
- (t) Minimum Quotation Amount: [●]
- (u) Quotation Dealers: [●]
- (v) Quotations: [Include Accrued Interest/Exclude Accrued Interest]
- (w) Valuation Method: [Market/Highest]  
[Average Market/Highest/Average Highest]  
[Blended Market/Blended Highest]  
[Average Blended Market/Average Blended Highest]
- (A) Terms relating to Physical Delivery: [Applicable/Not Applicable] (If not applicable, delete remaining sub-paragraphs except (gg))
- (x) Physical Settlement Period: [●] Business Days
- (y) Asset Amount: [Include Accrued Interest/Exclude Accrued Interest]
- (z) Settlement Currency: [●]
- (aa) Deliverable Obligations: [●]
- Deliverable Obligation Category [select one only]: [Payment]  
[Borrowed Money]  
[Reference Obligations Only]  
[Bond]  
[Loan]  
[Bond or Loan]
- Deliverable Obligation Characteristics [Not Subordinated]  
[Specified Currency: [Specify currency]]

[select all of which apply]: [Standard Specified Currencies]  
 [Not Sovereign Lender]  
 [Not Domestic Currency]  
 [Domestic Currency means: *[Specify currency]*]  
 [Not Domestic Law]  
 [Listed]  
 [Not Contingent]  
 [Not Domestic Issuance]  
 [Assignable Loan]  
 [Consent Required Loan]  
 [Direct Loan Participation]  
 [Qualifying Participation Seller: - *Insert details*]  
 [Transferable]  
 [Maximum Maturity: [●]]  
 [Accelerated or Matured]  
 [Not Bearer]

- Additional Deliverable Obligations: [●]
- (bb) Excluded Deliverable Obligation(s): [●]
- (cc) Indicative Quotations: [Applicable/Not Applicable]
- (dd) Cut-off Date: [●]
- (ee) Delivery provisions for Asset Amount (including details of who is to make such delivery) if different from Terms and Conditions: [●]
- (ff) Other terms or special conditions: [●]

#### **FUND LINKED REDEMPTION NOTE PROVISIONS**

34. Fund Linked Redemption Notes: [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Relevant provisions for determining the Final Redemption Amount: [●]
- (b) Reference Fund or Funds: [(*Specify in respect of each Reference Fund*)] (ISIN: [●])
- (c) Cash Loan: [Applicable/Not Applicable]
- (d) Fund Administrator: [Not Applicable/Applicable (*if applicable, specify*)]
- (e) Fund Adviser: [Not Applicable/Applicable (*if applicable, specify*)]

- |        |                                 |  |
|--------|---------------------------------|--|
| (f)    | Fund Manager:                   | [Not Applicable/Applicable ( <i>if applicable, specify</i> )]                          |
| (g)    | Potential Adjustment Events:    | [Applicable/Not Applicable]  |
| (h)    | Extraordinary Events:           | [Applicable/Not Applicable] ( <i>If Applicable, give details</i> )                     |
| (i)    | Nationalisation:                | [Applicable/Not Applicable]  |
| (ii)   | Insolvency:                     | [Applicable/Not Applicable]  |
| (i)    | Extraordinary Fund Events:      |  |
| (i)    | Fund Insolvency Event:          | [Applicable/Not Applicable]  |
| (ii)   | Adviser Termination Event:      | [Applicable/Not Applicable]  |
| (iii)  | Strategy Breach:                | [Applicable/Not Applicable]  |
| (iv)   | Regulatory Action:              | [Applicable/Not Applicable]  |
| (v)    | Reporting Disruption:           | [Applicable/Not Applicable]  |
| (vi)   | Modification of Fund Documents: | [Applicable/Not Applicable]  |
| (vii)  | Hedging Disruption:             | [Applicable/Not Applicable]  |
| (viii) | Increased Cost of Hedging:      | [Applicable/Not Applicable]  |
| (ix)   | Change in Law:                  | [Applicable/Not Applicable]  |
| (x)    | Change in Tax Law:              | [Applicable/Not Applicable]  |
| (xi)   | NAV Disruption Event:           | [Applicable/Not Applicable]  |
| (xii)  | Failure to Deliver Information: | [Applicable ( <i>insert amount if different from Condition 9</i> )/<br>Not Applicable] |
| (xiii) | Legal Action:                   | [Applicable/Not Applicable]  |
| (xiv)  | Change in Treatment:            | [Applicable/Not Applicable]  |

(xv)	Due Diligence Failure:	[Applicable/Not Applicable]
(xvi)	Breach or Termination of Trading Agreement:	[Applicable/Not Applicable]
(xvii)	NAV Trigger Event:	[Applicable ( <i>insert percentage amount and period</i> )/Not Applicable]
(xviii)	Key Person Event:	[Applicable ( <i>give details of key person(s)</i> )/Not Applicable]
(xix)	Minimum Outstanding amount of Notes:	[Applicable ( <i>insert amount if different from Condition 9</i> )/Not Applicable]
(xx)	Benchmark Change:	[Applicable ( <i>insert amount</i> ) /Not Applicable]
(xxi)	Organisational Change:	[Applicable/Not Applicable]
(xxii)	Assets Under Management Trigger:	[Applicable ( <i>insert amount if different from Condition 9</i> )/Not Applicable]
(xxiii)	Others:	[Applicable ( <i>give details</i> )/Not Applicable]
(j)	Fund Business Day:	[Applicable ( <i>give details</i> )/Not Applicable]
(k)	Fund Disrupted Day:	[Applicable/Not Applicable]
(l)	Initial Observation Date:	[●]
(m)	Final Observation Date:	[●]
(n)	Valuation Date:	[●] ( <i>where Averaging Dates are to be used, ensure all relevant details are included/Omission/Postponement/ Modified Postponement</i> )
(o)	Valuation Time:	[●]
(p)	Trade Date:	[Issue Date ( <i>if either (a) there is no related swap transaction or (b) the Trade Date of the related swap transaction is the same date as the Issue Date</i> )]/[Insert Trade Date of related swap transaction ( <i>if different from Issue Date</i> )]
(q)	Hedging Party:	[Applicable ( <i>give details</i> )/Not Applicable]
(r)	Hypothetical Investor Jurisdiction:	[Applicable ( <i>give details</i> )/Not Applicable]

- (s) Other terms or special conditions: [●]

## DUAL CURRENCY REDEMPTION NOTE PROVISIONS

35. Dual Currency Redemption Notes: [Applicable (*give details*)/Not Applicable]

## GENERAL PROVISIONS RELATING TO REDEMPTION

36. Partly Paid Notes: [Applicable (*give details*)/Not Applicable]
37. Instalment Notes: [Applicable/Not Applicable (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)]
- (a) Instalment Date(s): [●]
- (b) Instalment Amount(s): [●]
38. Early Redemption Amount: [As defined in the Conditions/(*Specify if other*)] [●]
39. Adjustment for Early Redemption Unwind Costs: [Applicable/Not Applicable]  
[If Applicable:  
[Standard Early Redemption Unwind Costs/*Insert other*]]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

40. Form of Notes: [Bearer Notes /Registered Notes]
- [Temporary Global Note exchangeable for a 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]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Global Certificate exchangeable for Definitive Certificates in the limited circumstances specified in the Global Certificate]
- (*Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves.*)
41. Additional Financial Centre(s) or other special provisions relating to Payment Days in Condition 11(f): [Not Applicable/Applicable: *Give details*]  
[*Note that this paragraph relates to the place of payment and not to Payment Day: Interest Period End Dates.*]
42. Talons for future Coupons or [Yes/No] [If Yes, give details]



Receipts to be attached to  
Definitive Notes (and dates on  
which such Talons mature):

43. Other final terms: [Not Applicable/Applicable: *Give details*]  
  
*[When adding any other final terms, consideration should be given as to whether such terms constitute 'significant new factors' and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.]*
44. Further Issues provision: [Condition 18 applies/insert alternative provision if required].

## DISTRIBUTION

45. (a) If syndicated, names and addresses of Dealers and underwriting commitments: [Not Applicable/Applicable (*Give names and addresses and underwriting commitments*)]  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a 'best efforts' basis if such entities are not the same as the Dealers)*
- (b) Date of Subscription Agreement: [Not Applicable/[●]]
- (c) Stabilising Manager(s) (if any): [Not Applicable/*Give name*]
- (d) If non-syndicated, name and address of relevant Dealer: [Not Applicable/(*insert name and address*)]
- (e) Total commission and concession: [[●] per cent. of the aggregate nominal amount/Certain fees or commissions will be payable to third party distributors and/or the Notes will be sold at a discount to the Issue Price on the primary sale of the Notes/Not Applicable/(*Specify if other*)]
- (f) U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA D/TEFRA C/TEFRA/Not Applicable] [Rule 144A]
46. Non exempt Offer: [Not Applicable] [An offer of the Notes may be made by the Dealer [and [*specify names of other financial intermediaries/placers making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. "other parties authorised by the Dealer") or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known*]] (together with the Dealers, the **Financial Intermediaries**) other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s) - which must be jurisdictions where the Offering Circular and any supplements have been passported (in addition to the jurisdiction where approved and published)*] (**Public Offer Jurisdictions**)

during the period from [specify date] until [specify date or a formula such as "the Issue Date" or "the date which falls [●] Business Days thereafter"] (**Offer Period**). See further Paragraph 14 of Part B below.

*(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the Offering Circular (and any supplement) has been notified/passported.)*

47. Additional selling restrictions: [Not Applicable/Specify]
48. Additional United States Tax Considerations: [Not Applicable/Specify]

## PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on [Euronext Amsterdam by NYSE Euronext/Specify other] of the Notes described herein] pursuant to the Structured Medium Term Note Programme of Rabobank Structured Products.

## 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. Information on the [Equity Issuer(s)]/[Index/Indices]/[Reference Fund(s)]/[Reference Obligation(s)]/[Commodity]/[Currency] (the **Reference Information**) has been extracted from [●] [and/or other publicly available information]. The Issuer confirms that the Reference Information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]]

Signed on behalf of the Issuer:

By: \_\_\_\_\_  
*Duly authorised*

## PART B – OTHER INFORMATION<sup>12</sup>

1. **LISTING AND ADMISSION TO TRADING** [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Amsterdam by NYSE Euronext/*Specify other*] with effect from[, at the earliest, the Issue Date/(*insert date*)].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on (*specify relevant regulated market and, if relevant, to admission to an official list*) with effect from[, at the earliest, the Issue Date/(*insert date*)].] [Not Applicable]]

2. **RATINGS**

Ratings:

[Not Applicable]

[The Notes to be issued have been rated:]

[S&P: ☐

[Moody's: ☐

[[Other]: ☐

*(Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)*

*(The above disclosure should reflect the rating allocated to Notes of the type being issued pursuant to the Programme generally or, where the issue has been specifically rated, that rating.)*

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the Dealers, 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*]

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

- [(a) Reasons for the offer (other than general corporate purposes): ☐

*(See ["Use of Proceeds"] wording in Offering Circular – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

- (b) 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.)*

---

<sup>12</sup> If an issue of Notes is **not** to be admitted to trading on a regulated market in the EEA or offered to the public in the EEA, then only paragraphs 1 and 13 need to be completed and paragraphs 2 to 12 and 14 should be deleted.

(c) Estimated total expenses: [●]

*(Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses".)*

*(N.B.: If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)*

**5. YIELD** *[Fixed Rate Notes only]*

Indication of yield: [●]

*[Calculated as (include details of method of calculation in brief form) on the Issue Date.]*

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

**6. HISTORIC INTEREST RATES** *(Floating Rates Notes only)*

Details of historic [LIBOR/EURIBOR/specify other] rates can be obtained from [Reuters].

**7. 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)*

*(If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, 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.)*

*(N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

*(Need to include details of where past and future performance and volatility of the index/formula can be obtained.)*

*(Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.)*

*(Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.)*

*(When completing the above paragraphs, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)*

*[The Issuer does not intend to provide post-issuance information.]*

**8. PERFORMANCE OF [RATE(S) OF EXCHANGE/FORMULA/CURRENCIES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE [RATE(S) OF EXCHANGE/FORMULA/CURRENCIES]] (Currency Linked Notes only)**

*(If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, 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.)*

*(N.B. The requirement below only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

*(Need to include details of where past and future performance and volatility of the [relevant rates/formula/currencies] can be obtained.)*

*(Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.)*

*(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)*

[The Issuer does not intend to provide post-issuance information.]

**9. PERFORMANCE OF [THE COMMODITY], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE COMMODITY]] (Commodity Linked Notes only)**

*(If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, 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.)*

*(N.B. The requirement below only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

*(Need to include details of where past and future performance and volatility of [the Commodity] can be obtained.)*

*(Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.)*

*(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)*

[The Issuer does not intend to provide post-issuance information.]

**10. PERFORMANCE OF RATE(S) OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND OTHER INFORMATION CONCERNING THE UNDERLYING** *(Dual Currency Notes only)*

*(If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, 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.)*

*(N.B. The requirement below only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

*(Need to include details of where past and future performance and volatility of the relevant rates can be obtained.)*

*(Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.)*

*(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)*

[The Issuer does not intend to provide post-issuance information.]

**11. PERFORMANCE OF [UNDERLYING EQUITY / BASKET OF UNDERLYING EQUITIES / REFERENCE FUND / BASKET OF REFERENCE FUNDS], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING EQUITY / BASKET OF UNDERLYING EQUITIES / REFERENCE FUND / BASKET OF REFERENCE FUNDS** *(Equity Linked Notes and Fund Linked Notes only)*

*(If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, 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.)*

*(N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

*(Need to include details of where past and future performance and volatility of the relevant [equity/basket of equities/fund] can be obtained.)*

*(Where the underlying is Equity or an investment or mutual fund, need to include the name of underlying and need to include details of where the information about the Equity can be obtained.)*

*(Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.)*

*(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)*

[The Issuer does not intend to provide post-issuance information.]

**12. INFORMATION IN RELATION TO THE REFERENCE ENTITY, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING THE REFERENCE ENTITY]** *(Credit Linked Notes only)*

*(If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, 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.)*

*(N.B. The requirement below only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

*(Need to include details of the Reference Entity and of where information on the Reference Entity can be obtained.)*

*(Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.)*

*(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)*

[The Issuer does not intend to provide post-issuance information.]

**13. OPERATIONAL INFORMATION**

- |     |  |  |
|-----|--|--|
| (a) | ISIN:  | [●]<br><i>(If fungible with an existing Series insert:</i><br>[Pending consolidation with the Tranche 1 Notes: [●]<br>Following consolidation with the Tranche 1 Notes: [●]) |
| (b) | Common Code:   | [●]<br><i>(If fungible with an existing Series insert:</i><br>[Pending consolidation with the Tranche 1 Notes: [●]<br>Following consolidation with the Tranche 1 Notes: [●]) |
| (c) | Fondscore:   | [●]<br><i>(If fungible with an existing Series insert:</i><br>[Pending consolidation with the Tranche 1 Notes: [●]<br>Following consolidation with the Tranche 1 Notes: [●]) |
| (d) | The Depository Trust Company:  | [CUSIP NUMBER]/Not Applicable]   |
| (e) | Any clearing system(s) other than DTC, 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)]  |
| (f) | Delivery:  | Delivery [against/free of] payment   |

- |     |   |                    |
|-----|---|--------------------|
| (g) | Names (and addresses) of additional (Paying/Delivery) Agent(s) (if any):  | Not Applicable/[●] |
| (h) | Names (and addresses) of Calculation Agent(s) (if different from Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International)): | Not Applicable/[●] |

#### 14. TERMS AND CONDITIONS OF THE OFFER

- |     |  |  |
|-----|--|--|
| (a) | [Offer Price:]   | [Issue Price/Not applicable/specify]   |
| (b) | [Conditions to which the offer is subject:]                    | [Not applicable/ <i>give details</i> ]   |
| (c) | [Description of the application process:]                      | <p>[Not applicable/<i>give details</i>]</p> <p>[[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 [●]].</p> <p>[The Issuer reserves the right to withdraw the offer of the Notes until one Business Day prior to the Issue Date at the latest. Such withdrawal will be announced in the aforementioned publications.]</p> <p>[The Issuer reserves the right to increase or decrease the aggregate nominal amount of the Notes to be issued. Such increase will be announced in the aforementioned publications].</p> <p>[If the Issuer increases or decreases the aggregate nominal amount the number of Notes issued will be increased or, as the case may be, decreased by a number equal to the division of the increased or, as the case may be, decreased aggregate nominal amount by the Specified Denomination.]</p> <p>[[No] [D/d]ealing in the Notes will be possible before the aggregate nominal amount of the Notes is announced as set out above.]</p> |
| (d) | [Details of the minimum and/or maximum amount of application:] | [Not applicable/ <i>give details</i> ]   |
| (e) | [Description of possibility to reduce subscriptions and        | [Not applicable/ <i>give details</i> ]   |



	manner for refunding excess amount paid by applicants:]	[[Subscriptions in excess of the Issue Amount will be reduced systematically. Reduction 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 forementioned publications.]
(f)	[Details of the method and time limits for paying up and delivering the Notes:]	[Not applicable/ <i>give details</i> ]
(g)	[Manner in and date on which results of the offer are to be made public:]	[Not applicable/ <i>give details</i> ]  [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 publications.]
(h)	[Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:]	[Not applicable/ <i>give details</i> ]
(i)	[Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:]	[Not applicable/ <i>give details</i> ]
(j)	[Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:]	[Not applicable/ <i>give details</i> ]
(k)	[Amount of any expenses and taxes specifically charged to the subscriber or purchaser:]	[Not applicable/ <i>give details</i> ]
(l)	[Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:]	[None/ <i>give details</i> ]

## **SCHEDULE [●] TO THE FINAL TERMS**

*(In relation to a tranche of Notes which is being increased and was originally issued under an Offering Circular with an earlier date than the current Offering Circular, insert full terms and conditions which shall be in the form set out in the previous Offering Circular which shall have been previously approved by the relevant competent authority)*

## FORM OF FINAL TERMS

*[(Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least EUR 50,000 (or its equivalent in another currency).]*

Date: [●]

### RABOBANK STRUCTURED PRODUCTS

**Issue of [aggregate nominal amount of Tranche] [Title of Notes]  
pursuant to the EUR 8,000,000,000 Structured Medium Term Note Programme**

[IN NO CIRCUMSTANCES MAY THE NOTES BE REDEEMED BY THE ISSUER AT THE MATURITY DATE FOR LESS THAN THE PROTECTION AMOUNT, EXCEPT THAT IN THE EVENT OF INSOLVENCY OF THE ISSUER OR IN THE EVENT OF AN EARLY REDEMPTION PURSUANT TO CONDITION 5(b), 5(g), [7(b)]<sup>13</sup>, [8(b)]<sup>14</sup> OR 14 THE NOTES MAY BE REDEEMED AT LESS THAN THE PROTECTION AMOUNT.]<sup>15</sup>

THE ISSUER HAS MADE NO 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.

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 24 December 2007 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular is available for viewing during normal business hours and may be obtained at Rabobank International, Croeselaan 18, 3521 CB Utrecht, The Netherlands and [www.rabobank.nl](http://www.rabobank.nl).

*[The following alternative language applies if the first tranche of an issue which is being increased (a further issue pursuant to Condition 18) was issued under an Offering Circular with an earlier date. Solely the Terms and Conditions in the Offering Circular with an earlier date should be inserted in the Schedule [ ] to this document.*

Terms used herein shall be deemed to be defined as such for the purposes of the conditions as set out in Schedule [●] to this document. This document constitutes the Final Terms of the securities described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) and must be read in conjunction with the Offering Circular dated 24 December 2007 which constitutes a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are replaced by the conditions as set out in Schedule [●] to this document. Full information on the Issuer and the offer of the securities is only available on the basis of the combination of these Final Terms and the Offering Circular dated 24 December 2007, save for the Conditions, which are replaced by the conditions as set out in Schedule [●] to this document. Copies of such Offering Circulars are available for viewing during normal business hours and may be obtained at Rabobank International, Croeselaan 18, 3521 CB Utrecht, The Netherlands and [www.rabobank.nl](http://www.rabobank.nl).]

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<sup>13</sup> Insert if Equity Linked Notes

<sup>14</sup> Insert if Index Linked Notes

<sup>15</sup> Insert if Protection Amount is applicable.

*[The following alternative language applies if Notes are issued pursuant to Rule 144A.]*

THE NOTES REFERRED TO HEREIN THAT ARE REPRESENTED BY A GLOBAL CERTIFICATE 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 MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF NOTES REPRESENTED BY A GLOBAL CERTIFICATE]

These Final Terms do not constitute an offer to sell or the solicitation of an offer to buy any Notes other than the Notes to which they relate or an offer to sell or the solicitation of an offer to buy Notes by any person in any circumstances in which such offer or solicitation is unlawful.

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 come 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 Offering Circular as supplemented or amended by these Final Terms.

The information contained in these Final Terms does not constitute an investment recommendation.

*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 Offering Circular, as supplemented from time to time.*

[A [Dutch] language description of the principal terms of the Notes is contained in Annex I hereto.]

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms and should be deleted upon finalisation.]*

*[When adding any other terms, risk warnings or information, consideration should be given as to whether such terms, risk warnings or information constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.]*

1. Issuer: Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.  
(Rabobank Structured Products)
2. (a) Series Number: [●]  
(b) Tranche Number: [●]  
  
*[If fungible with an existing Tranche insert:  
The Notes issued pursuant to these Final Terms will be consolidated and form a single series with [insert title of original Notes] (the Tranche 1 Notes), issued pursuant to the Final Terms dated [●], with effect from [insert the Issue Date]/[insert the date 40 days after the Issue Date.]*
3. Specified Currency or Currencies: [●]
4. Aggregate nominal amount:  
(a) Series: [●]  
(b) Tranche: [●]
5. Issue Price of Tranche: [●] per cent.
6. Specified Denominations: [●]  
  
*(N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €[1,000] minimum denomination is not required.)*
7. (a) Issue Date: [●]  
(b) Interest Commencement Date: [●]/[Not Applicable]
8. Maturity Date or Redemption Month: [●] [Fixed Rate (*Specify date*)]  
[Floating Rate - Interest Payment Date falling in or nearest to [Specify month]] [(the **Scheduled Maturity Date**) [subject as provided in Condition 10(d) [./and] [Condition 10(e)] [and] [Condition 10(f)] (*Include for Credit Linked Notes*)] (*In the case of Index Linked Notes, Equity Linked Notes or Fund Linked Notes, consider providing for postponement of Maturity Date if (i) the final Valuation Date is postponed by reason of a Market Disruption Event or (ii) there is a Settlement Disruption Event*)
9. Interest Basis: [[●] per cent. Fixed Rate]  
[[LIBOR/EURIBOR/Other (*Specify*)] +/-][●] per cent.  
Floating Rate]  
[Zero Coupon]

[Currency Linked Interest]  
 [Commodity Linked Interest]  
 [Equity Linked Interest]  
 [Index Linked Interest]  
 [Credit Linked Interest]  
 [Fund Linked Interest]  
 [Dual Currency Interest]  
 [Non-interest bearing]  
 [Other (*Specify*)]  
 (*Further particulars specified below*)

10. (a) Redemption/Payment Basis: [Redemption at par]
- [Currency Linked Redemption]  
 [Commodity Linked Redemption]  
 [Equity Linked Redemption]  
 [Index Linked Redemption]  
 [Credit Linked Redemption]  
 [Fund Linked Redemption]  
 [Dual Currency Redemption]  
 [Partly Paid]  
 [Instalment]  
 [Other (*Specify*)]
- (b) Protection Amount: [Principal Protected/[●] per cent. of the Specified Denomination/Not Applicable]
11. Change of Interest Basis 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 Option / Call Option / Obligatory Redemption: [Put Option]/[Call Option]/[Obligatory Redemption]/[Not Applicable]
- (*Further particulars specified below*)
13. (a) Status of the Notes: [Senior/Subordinated (*Specify*)]
- (b) Domestic Note: [No/Yes]  
*(if Domestic Note, there will be no gross-up for withholding tax)*
- (c) Date 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)*

- (a) Rate(s) of Interest: ☐ per cent. per annum [payable [annually/semi-annually/quarterly/other (*specify*)] in arrear]
- (b) Interest Payment Date(s): ☐ in each year
- (c) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[*Specify other*]/[Not Applicable]]
- (d) Additional Financial Centre(s): ☐/[Not Applicable]
- (e) Fixed Coupon Amount(s): ☐ per Specified Denomination
- (f) Broken Amount(s): [*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount and the Interest Payment Dates to which they relate*/Not Applicable]
- (g) Day Count Fraction: [Actual/Actual  
Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
Actual/Actual (ISMA)  
Actual/Actual (ISDA)  
Other]
- (See General Definitions in Terms and Conditions for alternatives)
- (h) 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*]
- (a) Specified Period(s)/Specified Interest Payment Date(s): ☐
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[*Specify other*]]

- (c) Additional Financial Centre(s): [●]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/Specify other]
- (e) Screen Rate Determination:
- (i) Reference Rate: [●]  
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
- (ii) Interest Determination Date(s): [●]  
(Second London business day prior to the start of each Interest Period if LIBOR (other than euro (LIBOR)) and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
- (iii) Relevant Screen Page: [●]  
(In the case of EURIBOR, if not Reuters EURIBOR 01, ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (f) ISDA Determination:
- (i) Floating Rate Option: [●]
- (ii) Designated Maturity: [●]
- (iii) Reset Date: [●]
- (g) Margin(s): [+/-][●] per cent. per annum/[Not Applicable]
- (h) Minimum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]
- (i) Maximum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]
- (j) Day Count Fraction: [Actual/Actual  
Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
Actual/Actual (ISMA)  
Actual/Actual (ISDA)  
Other]



(See General Definitions in Terms and Conditions for alternatives)

- (k) 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]
- (a) Any formula/basis of determining amount payable: [●]
- (b) Other terms or special conditions: [●]

## **CURRENCY LINKED INTEREST NOTE PROVISIONS**

18. Currency Linked Interest Note Provisions: [Applicable/Not Applicable]  
[If not applicable, delete the remaining sub-paragraphs of this paragraph]
- (a) Relevant Currency: [●]
- (b) Description of formula to be used to determine the Rate of Interest: [Give details]/[See Schedule]
- (c) Provisions for determining the Rate of Interest where calculation by reference to the formula is impossible or impracticable: [Applicable/Not Applicable] [If applicable, need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (d) Specified Period(s)/Specified Interest Payment Date(s): [●]
- (e) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[Specify other]]
- (f) Additional Financial Centre(s): [●]
- (g) Minimum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]
- (h) Maximum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]

- (i) Day Count Fraction: [Actual/Actual  
Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
Actual/Actual (ISMA)  
Actual/Actual (ISDA)  
Other]  
(See General Definitions in Terms and Conditions for alternatives)
- (j) Other terms or special conditions: [●]

#### COMMODITY LINKED INTEREST NOTE PROVISIONS

19. Commodity Linked Interest Note Provisions: [Applicable/Not Applicable]  
[If not applicable, delete remaining sub-paragraphs of this paragraph]
- (a) Relevant Commodity or Commodities: [Single Commodity/Basket of Commodities] [Give details]/[See Schedule]
- (b) Description of formula to be used to determine the Rate of Interest: [Give details]/[See Schedule]
- (c) Provisions for determining the Rate of Interest where calculation by reference to the Commodities and/or formula is impossible or impracticable: [Applicable/Not Applicable] [If applicable, need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (d) Specified Period(s)/Specified Interest Payment Date(s): [●]
- (e) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[Specify other]]
- (f) Additional Financial Centre(s): [●]
- (g) Minimum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]
- (h) Maximum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]
- (i) Day Count Fraction: [Actual/Actual]

Actual/365  
 Actual/365 (Fixed)  
 Actual/365 (Sterling)  
 Actual/360  
 30/360  
 30E/360  
 30E/360 (ISDA)  
 Actual/Actual (ISMA)  
 Actual/Actual (ISDA)  
 Other]  
*(See General Definitions in Terms and Conditions for alternatives)*

- (j) Other terms or special conditions: [●]

## INDEX LINKED INTEREST NOTE PROVISIONS

20. Index Linked Interest Note Provisions: [Applicable/Not Applicable]  
*[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (a) Index or Indices: [Single Index/Basket of Indices] *[Give details]*/[See Schedule]
- (b) Name of Index Sponsor(s): *[Give details]*/[See Schedule]
- (c) Description of formula to be used to determine the Rate of Interest: [●]
- (d) Provisions for determining the Rate of Interest where calculation by reference to Index or Indices and/or formula is impossible or impracticable: [Applicable/Not Applicable] *[If applicable, need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (e) Specified Period(s)/Specified Interest Payment Date(s): [●]
- (f) Observation Period(s): [●]
- (g) Observation Date(s): [●]
- (h) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*[Specify other]*]
- (i) Additional Financial Centre(s): [●]
- (j) Minimum Rate of Interest: [[●] per cent. per annum/[Not Applicable]]

- (k) Maximum Rate of Interest: ☐ per cent. per annum]/[Not Applicable]
- (l) Day Count Fraction: ☐ Actual/Actual  
☐ Actual/365  
☐ Actual/365 (Fixed)  
☐ Actual/365 (Sterling)  
☐ Actual/360  
☐ 30/360  
☐ 30E/360  
☐ 30E/360 (ISDA)  
☐ Actual/Actual (ISMA)  
☐ Actual/Actual (ISDA)  
☐ Other]  
*(See General Definitions in Terms and Conditions for alternatives)*
- (m) Valuation Date(s): ☐ (where Averaging Dates are to be used, ensure all relevant details are included)
- (n) Valuation Time Condition ☐ [7(c)] applies/[specify if other]
- (o) Disrupted Day: ☐ Applicable/Not Applicable]
- (p) Exchange(s): ☐
- (q) Related Exchange(s): ☐ All Exchanges]/☐
- (r) Others terms or special conditions: ☐

## EQUITY LINKED INTEREST NOTE PROVISIONS

21. Equity Linked Interest Note Provisions: ☐ Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (a) Underlying Equity or Equities: ☐ Single Underlying Equity/Basket of Underlying Equities]  
☐ *[Give details for each class of Underlying Equity:*
- (i) Underlying Equity:
- (i) Equity Issuer(s):
- (iii) the ISIN/Common Code of Underlying Equities:]/  
☐ See Schedule]
- (b) Description of formula to be used to determine the Rate of Interest: ☐ *[Give details]/[See Schedule]*

- (c) Provisions for determining the Rate of Interest where calculation by reference to the Underlying Equities and/or formula is impossible or impracticable: [Applicable/Not Applicable] *[If applicable, need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (d) Specified Period(s)/Specified Interest Payment Date(s): [●]
- (e) Observation Period(s): [●]
- (f) Observation Date(s): [●]
- (g) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*[Specify other]*]
- (h) Additional Financial Centre(s): [●]
- (i) Minimum Rate of Interest: [[●] per cent. per annum/[Not Applicable]]
- (j) Maximum Rate of Interest: [[●] per cent. per annum/[Not Applicable]]
- (k) Day Count Fraction: [Actual/Actual  
Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
Actual/Actual (ISMA)  
Actual/Actual (ISDA)  
Other]  
*(See General Definitions in Terms and Conditions for alternatives)*
- (l) Valuation Date(s): [●] *(where Averaging Dates are to be used, ensure all relevant details are included)*
- (m) Valuation Time: Condition 8(d) applies/*(Specify if other)*
- (n) Disrupted Day: [Applicable/Not Applicable]
- (o) Exchange(s): [●]
- (p) Related Exchange(s): [All Exchanges]/[●]
- (q) Exchange Rate: [Applicable/Not Applicable] *[If applicable, insert details]*

- (r) Other terms or special conditions: [●]

## CREDIT LINKED INTEREST NOTE PROVISIONS

22. Credit Linked Interest Note Provisions: [Applicable/Not Applicable]  
[If not applicable, delete the remaining sub-paragraphs of this paragraph]
- (a) Reference Entity or Entities: [Single Reference Entity/Basket of Reference Entities]  
[Give details]/[See Schedule]
- (b) Description of formula to be used to determine the Rate of Interest: [●]
- (c) Provisions for determining the Rate of Interest where calculation by reference to References Entity or Entities and/or formula is impossible or impracticable: [Applicable/Not Applicable] [If applicable, need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (d) Specified Period(s)/Specified Interest Payment Date(s): [●]
- (e) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[Specify other]]
- (f) Additional Financial Centre(s): [●]
- (g) Minimum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]
- (h) Maximum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]
- (i) Day Count Fraction: [Actual/Actual  
Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
Actual/Actual (ISMA)  
Actual/Actual (ISDA)  
Other]  
(See General Definitions in Terms and Conditions for alternatives)

- (j) Others terms or special conditions: [●]

## FUND LINKED INTEREST NOTE PROVISIONS

23. Fund Linked Interest Note Provisions: [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (a) Reference Fund or Funds: [Single Reference Fund/Basket of Reference Funds]  
[● (ISIN: [●])]/[See Schedule]
- (b) Description of formula to be used to determine the Rate of Interest: [Give details]/[See Schedule]
- (c) Provisions for determining the Rate of Interest where calculation by reference to the Reference Fund(s) and/or formula is impossible or impracticable: [Applicable/Not Applicable] *[If applicable, need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (d) Specified Period(s)/Specified Interest Payment Date(s): [●]
- (e) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[Specify other]]
- (f) Additional Financial Centre(s): [●]
- (g) Day Count Fraction: [Actual/Actual  
Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
Actual/Actual (ISMA)  
Actual/Actual (ISDA)  
Other]]  
(See General Definitions in Terms and Conditions for alternatives)
- (h) Valuation Date(s): [●] *(where Averaging Dates are to be used, ensure all relevant details are included)*
- (i) Valuation Time: [●]

- (j) Fund Disrupted Day: [Not Applicable/Applicable]
- (k) Fund Administrator: [Not Applicable/Applicable] *(if applicable, specify)*
- (l) Fund Adviser: [Not Applicable/Applicable] *(if applicable, specify)*
- (m) Fund Manager: [Not Applicable/Applicable] *(if applicable, specify)*
- (n) Other terms or special conditions: [●]

## DUAL CURRENCY INTEREST NOTE PROVISIONS

24. Dual Currency Interest Note Provisions: [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (a) Rate of Exchange/method of calculating Rate of Exchange: [Give details]/[See Schedule] [Screen Page: [●]] [Bloomberg/Reuters]
  - (b) Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable: [Applicable/Not Applicable] *[If Applicable, need to include a description of market disruption or settlement disruption events and adjustment provisions]*
  - (c) Day Count Fraction: [Actual/Actual  
Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
Actual/Actual (ISMA)  
Actual/Actual (ISDA)  
Other]  
  
*(See General Definitions in Terms and Conditions for alternatives)*
  - (d) Other terms or special conditions: [●]

## PROVISIONS RELATING TO OPTIONAL REDEMPTION AND FINAL REDEMPTION AMOUNT

25. Call Option: [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*  
(Condition 5(c))
- (a) Optional Redemption Date(s): [●]
  - (b) Optional Redemption Amount of each Note and [●]



method, if any, of  
calculation of such  
amount(s):

- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [●]
- (ii) Higher Redemption Amount: [●]
- (d) Notice period (if other than as set out in the Conditions): [●]

26. Put Option: [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*  
(Condition 5(d))

- (a) Optional Redemption Date(s): [●]
- (b) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s): [●]
- (c) Notice period (if other than as set out in the Conditions): [●]

27. Obligatory Redemption: [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*  
(Condition 5(f))

- (a) Obligatory Redemption Date(s): [●]
- (b) Obligatory Redemption Amount of each Note and method, if any, of calculation of such amount(s): [●]

28. Final Redemption Amount of each Note: [[●] per Specified Denomination/Par/Specify other/See below/See Schedule/Not Applicable]

*[Ensure provisions for each type of Note are contained in the Schedule or are completed below. Delete provisions that are not applicable to the Notes.]*

## CURRENCY LINKED REDEMPTION NOTE PROVISIONS

29. Currency Linked Redemption Notes: [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*

[Give details]/[See Schedule]

- (a) Relevant Currency: [●]
- (b) Relevant provisions for determining the Final Redemption Amount: [●]
- (c) Other terms or special conditions: [●]

#### COMMODITY LINKED REDEMPTION NOTE PROVISIONS

30. Commodity Linked Redemption Notes: [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (a) Relevant Commodity/Commodities: [●]
  - (b) Relevant provisions for determining the Final Redemption Amount: [●]
  - (c) Other terms or special conditions: [●]

#### INDEX LINKED REDEMPTION NOTE PROVISIONS

31. Index Linked Redemption Notes: [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (a) Whether the Notes relate to a basket of indices or a single index and the identity of the relevant Index/Indices and details of the relevant Index Sponsor(s): [Single Index/Basket of Indices]  
Index or Indices:  
Index Sponsor(s):
  - (b) Relevant provisions for determining the Final Redemption Amount: [●]
  - (c) Observation Period(s): [●]
  - (d) Observation Date(s): [●]
  - (e) Valuation Date(s): [●] *(where Averaging Dates are to be used, ensure all relevant details are included(Omission/Postponement/Modified Postponement))*
  - (f) Valuation Time: [Condition 7(c) applies/(Specify if other)]
  - (g) Disrupted Day: [Applicable/Not Applicable]

*[If applicable, consider provisions for calculation of the Reference Level if a Disrupted Day occurs included in Condition 7(c) and if not appropriate insert appropriate provisions]*

- (h) Multiplier for each Index comprising the basket: [Not Applicable/Applicable] *(if applicable insert details)*
- (i) Index Adjustment Event: [Applicable/Not Applicable] *[See Condition 7(b)(ii)]*
- (j) Additional Disruption Events: [Applicable/Not Applicable]  
[Hedging Disruption]  
[Increased Cost of Hedging]  
[Other]
- (k) Exchange(s): [●]
- (l) Related Exchange(s): [All Exchanges]/[●]
- (m) Other terms or special conditions: [●]

#### **EQUITY LINKED REDEMPTION NOTE PROVISIONS**

- 32. Equity Linked Redemption Notes: [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
  - (a) Whether the Notes relate to a basket of equity securities or a single equity security (each an **Underlying Equity**) and the identity of the relevant issuer(s) of the Underlying Equity/Equities) (each an **Equity Issuer**): [Single Underlying Equity/Basket of Underlying Equities] *[Give or annex details of issuer(s)]*
    - (i) Underlying Equity/Equities: [Existing ordinary shares of the Equity Issuer]
    - (ii) Equity Issuer: [●] (Bloomberg code [●]);
    - (iii) ISIN/Common Code: [●]/[●]
  - (b) Whether redemption of the Notes will be by (a) Cash Settlement or (b) Physical Delivery or (c) Cash Settlement and/or Physical Delivery: [Cash Settlement/Physical Delivery/Cash Settlement and/or Physical Delivery]  
*[If Cash Settlement and/or Physical Delivery is specified, specify details for determining in what circumstances Cash Settlement or Physical Delivery will apply]*
  - (c) Relevant provisions for determining the Final Redemption Amount: [●]
  - (d) Observation Period(s): [●]
  - (e) Observation Date(s): [●]
  - (f) Valuation Date(s): [●] *(where Averaging Dates are to be used, ensure all relevant details are included/Omission/Postponement/*

*Modified Postponement)*

- |     |  |  |
|-----|--|--|
| (g) | Valuation Time:  | [Condition 8(d) applies/(Specify if other)]  |
| (h) | Disrupted Day:   | [Applicable/Not Applicable]<br>[If applicable consider whether the provisions for calculation of the Reference Price if a Disrupted Day occurs which are included in Condition 8(d) are appropriate and, if they are not, insert appropriate provisions] |
| (i) | Multiplier for each Underlying Equity comprising the basket (which is subject to adjustment as set out in Condition 8(b)):       | [Not Applicable/Insert details]  |
| (j) | Trade Date:  | [Issue Date (if either (a) there is no related swap transaction or (b) the Trade Date of the related swap transaction is the same date as the Issue Date)]/[Insert Trade Date of related swap transaction (if different from Issue Date)]                |
| (k) | Relevant Assets:   | [Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery]  |
| (l) | Asset Amount:  | [Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery]  |
| (m) | Cut-off Date:  | [Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery]  |
| (n) | Delivery provisions for Asset Amount (including details of who is to make such delivery) if different from Terms and Conditions: | [Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery]  |
| (o) | Potential Adjustment Events:   | Applicable/Not Applicable [See Condition 8(b)(i)]  |
| (p) | De-listing:  | [Applicable/Not Applicable]  |
| (q) | Merger Event:  | [Applicable/Not Applicable]  |
| (r) | Nationalisation:   | [Applicable/Not Applicable]  |
| (s) | Insolvency:  | [Applicable/Not Applicable]  |
| (t) | Tender Offer:  | [Applicable/Not Applicable]  |
| (u) | Additional Disruption Events:  | [Applicable/Not Applicable]<br>[Hedging Disruption]<br>[Increased Cost of Hedging]<br>[Other]  |

- (v) Exchange(s): ☐
- (w) Related Exchange(s): ☐ [All Exchanges]/☐
- (x) Exchange Rate: ☐ [Applicable/Not Applicable] *[If applicable, insert details]*
- (y) Other terms or special conditions: ☐

### CREDIT LINKED REDEMPTION NOTE PROVISIONS

33. Credit Linked Redemption Notes: ☐ [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (a) Whether redemption of the Notes will be by (a) Cash Settlement or (b) Physical Delivery: ☐ [Cash Settlement/Physical Delivery]
  - (b) Relevant provisions for determining the Final Redemption Amount: ☐
  - (c) Valuation Date(s): ☐ [Single Valuation Date: ☐ Business Days  
☐ Multiple Valuation Dates: ☐ Business Days; and each ☐ Business Days thereafter.  
Number of Valuation Dates: ☐
  - (d) Valuation Time: ☐
  - (e) Calculation Agent City: ☐
  - (f) Trade Date: ☐ [Issue Date *(if either (a) there is no related swap transaction or (b) the Trade Date of the related swap transaction is the same date as the Issue Date)*]/*[Insert Trade Date of related swap transaction (if different from Issue Date)]*
  - (g) Reference Entity or Entities: ☐
  - (h) Reference Obligation or Obligations: ☐  
  
[The obligation(s) identified as follows:  
  
Primary Obligor: ☐  
  
Guarantor: ☐  
  
Maturity: ☐  
  
Coupon: ☐

	CUSIP/ISIN:	[●]
(i)	All Guarantees:	[Applicable/Not Applicable] Provisions relating to Qualifying Guarantee and Underlying Obligation: [Applicable/Not Applicable]
(j)	Credit Events:	[Bankruptcy] [Failure to Pay] [Payment Requirement: [●]] [Grace Period Extension: Applicable/Not Applicable] [If Applicable: Grace Period: [●]] [Obligation Default] [Obligation Acceleration] [Repudiation/Moratorium] [Restructuring]  Provisions relating to Multiple Holder Obligation: Condition 10(l) [Applicable/Not Applicable] Provisions relating to Restructuring Credit Event: Condition 10(k) [Applicable/Not Applicable] Provisions relating to Repudiation/Moratorium Extension: Condition 10(f)(ii) [Applicable/Not Applicable] [Restructuring Maturity Limitation and Fully Transferable Obligation [Applicable/Not Applicable]] [Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation [Applicable/Not Applicable]]  [Other]
	Default Requirement:	[●]
(k)	Conditions to Settlement:	Notice of Publicly Available Information [Applicable/Not Applicable]  [If Applicable: Public Source(s): [●] Specified Number: [●]]
(l)	Obligation(s):	[●]
	Obligation Category: [select one only]:	[Payment] [Borrowed Money] [Reference Obligations Only] [Bond] [Loan] [Bond or Loan]
	Obligation Characteristics: [select all of which apply]:	[Not Subordinated] [Specified Currency:

		[Specify currency] [Standard Specified Currencies]] [Not Sovereign Lender] [Not Domestic Currency:] [Domestic Currency means: [Specify currency]] [Not Domestic Law] [Listed] [Not Domestic Insurance]
	Additional Obligation(s):	[●]
(m)	Excluded Obligations(s):	[●]
(n)	Accrual of Interest upon Credit Event:	[Applicable/Not Applicable]
(o)	Redemption following Merger Event:	[(a) Condition 10(i) [Applicable/Not Applicable] <i>(If Applicable):</i> [(b) Merger Event Redemption Date:[●]]
(p)	Credit Event Redemption Amount:	[●][Express per lowest Specified Denomination]
(q)	Credit Event Redemption Date:	[●] Business Days
(r)	Quotation Method:	[Bid/Offer/Mid-market]
(s)	Quotation Amount:	[[●]/Representative Amount]
(t)	Minimum Quotation Amount:	[●]
(u)	Quotation Dealers:	[●]
(v)	Quotations:	[Include Accrued Interest/Exclude Accrued Interest]
(w)	Valuation Method:	[Market/Highest] [Average Market/Highest/Average Highest] [Blended Market/Blended Highest] [Average Blended Market/Average Blended Highest]
	(A) Terms relating to Physical Delivery:	[Applicable/Not Applicable] <i>(If not applicable, delete remaining sub-paragraphs except (gg))</i>
(x)	Physical Settlement Period:	[●] Business Days
(y)	Asset Amount:	[Include Accrued Interest/Exclude Accrued Interest]
(z)	Settlement Currency:	[●]
(aa)	Deliverable Obligations:	[●]

	Deliverable Obligation Category [select one only]:	<input type="checkbox"/> [Payment] <input type="checkbox"/> [Borrowed Money] <input type="checkbox"/> [Reference Obligations Only] <input type="checkbox"/> [Bond] <input type="checkbox"/> [Loan] <input type="checkbox"/> [Bond or Loan]
	Deliverable Obligation Characteristics [select all of which apply]:	<input type="checkbox"/> [Not Subordinated] <input type="checkbox"/> [Specified Currency: <i>[Specify currency]</i> ] <input type="checkbox"/> [Standard Specified Currencies] <input type="checkbox"/> [Not Sovereign Lender] <input type="checkbox"/> [Not Domestic Currency] <input type="checkbox"/> [Domestic Currency means: <i>[Specify currency]</i> ] <input type="checkbox"/> [Not Domestic Law] <input type="checkbox"/> [Listed] <input type="checkbox"/> [Not Contingent] <input type="checkbox"/> [Not Domestic Issuance] <input type="checkbox"/> [Assignable Loan] <input type="checkbox"/> [Consent Required Loan] <input type="checkbox"/> [Direct Loan Participation] <input type="checkbox"/> [Qualifying Participation Seller: - <i>Insert details</i> ] <input type="checkbox"/> [Transferable] <input type="checkbox"/> [Maximum Maturity: <input type="checkbox"/> ] <input type="checkbox"/> [Accelerated or Matured] <input type="checkbox"/> [Not Bearer]
	Additional Deliverable Obligations:	<input type="checkbox"/> [●]
(bb)	Excluded Deliverable Obligation(s):	<input type="checkbox"/> [●]
(cc)	Indicative Quotations:	<input type="checkbox"/> [Applicable/Not Applicable]
(dd)	Cut-off Date:	<input type="checkbox"/> [●]
(ee)	Delivery provisions for Asset Amount (including details of who is to make such delivery) if different from Terms and Conditions:	<input type="checkbox"/> [●]
(ff)	Other terms or special conditions:	<input type="checkbox"/> [●]



## FUND LINKED REDEMPTION NOTE PROVISIONS

34. Fund Linked Redemption Notes: [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (a) Relevant provisions for determining the Final Redemption Amount: [●]
  - (b) Reference Fund or Funds: [*Specify*] (ISIN: )
  - (c) Cash Loan: [Applicable/Not Applicable]
  - (d) Fund Administrator: [Not Applicable/*Specify*]
  - (e) Fund Adviser: [Not Applicable/*Specify*]
  - (f) Fund Manager: [Not Applicable/*Specify*]
  - (g) Potential Adjustment Events: [Applicable/Not Applicable]
  - (h) Extraordinary Events: [Applicable/Not Applicable] (*If Applicable, give details*)
    - (i) Nationalisation: [Applicable/Not Applicable]
    - (ii) Insolvency: [Applicable/Not Applicable]
  - (i) Extraordinary Fund Events:
    - (i) Fund Insolvency Event: [Applicable/Not Applicable]
    - (ii) Adviser Termination Event: [Applicable/Not Applicable]
    - (iii) Strategy Breach: [Applicable/Not Applicable]
    - (iv) Regulatory Action: [Applicable/Not Applicable]
    - (v) Reporting Disruption: [Applicable/Not Applicable]
    - (vi) Modification of Fund Documents: [Applicable/Not Applicable]

(vii)	Hedging Disruption:	[Applicable/Not Applicable]
(viii)	Increased Cost of Hedging:	[Applicable/Not Applicable]
(ix)	Change in Law:	[Applicable/Not Applicable]
(x)	Change in Tax Law:	[Applicable/Not Applicable]
(xi)	NAV Disruption Event:	[Applicable/Not Applicable]
(xii)	Failure to Deliver Information:	[Applicable ( <i>insert amount if different from Condition 9</i> )/Not Applicable]
(xiii)	Legal Action:	[Applicable/Not Applicable]
(xiv)	Change in Treatment:	[Applicable/Not Applicable]
(xv)	Due Diligence Failure:	[Applicable/Not Applicable]
(xvi)	Breach or Termination of Trading Agreement:	[Applicable/Not Applicable]
(xvii)	NAV Trigger Event:	[Applicable ( <i>insert percentage amount and period</i> )/Not Applicable]
(xviii)	Key Person Event:	[Applicable ( <i>give details of key person(s)</i> )/Not Applicable]
(xix)	Minimum Outstanding amount of Notes:	[Applicable ( <i>insert amount if different from Condition 9</i> )/Not Applicable]
(xx)	Benchmark Change:	[Applicable ( <i>insert amount</i> )/Not Applicable]
(xxi)	Organisational Change:	[Applicable/Not Applicable]
(xxii)	Assets Under Management Trigger:	[Applicable ( <i>insert amount if different from Condition 9</i> )/Not Applicable]

- (xxiii) Others: [Applicable (*give details*)/Not Applicable]
- (j) Fund Business Day: [Applicable (*give details*)/Not Applicable]
- (k) Fund Disrupted Day: [Applicable/Not Applicable]
- (l) Initial Observation Date: [Applicable/Not Applicable]
- (m) Final Observation Date: [Applicable/Not Applicable]
- (n) Valuation Date: [●] (*where Averaging Dates are to be used, ensure all relevant details are included/Omission/Postponement/ Modified Postponement*)
- (o) Valuation Time: [●]
- (p) Trade Date: [Issue Date (*if either (a) there is no related swap transaction or (b) the Trade Date of the related swap transaction is the same date as the Issue Date*)]/[Insert Trade Date of related swap transaction (*if different from Issue Date*)]
- (q) Hedging Party: [Applicable (*give details*)/Not Applicable]
- (r) Hypothetical Investor Jurisdiction: [Applicable (*give details*)/Not Applicable]
- (s) Other terms or special conditions: [●]

## DUAL CURRENCY REDEMPTION NOTE PROVISIONS

35. Dual Currency Redemption Notes: [Applicable (*give details*)/Not Applicable]

## GENERAL PROVISIONS RELATING TO REDEMPTION

36. Partly Paid Notes: [Applicable (*give details*)/Not Applicable]
37. Instalment Notes: [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (a) Instalment Date(s): [●]
- (b) Instalment Amount(s): [●]
38. Early Redemption Amount: [As defined in the Conditions/(*Specify it other*)] [●]
39. Adjustment for Early Redemption Unwind Costs: [Applicable/Not Applicable]  
[If Applicable:  
[Standard Early Redemption Unwind Costs/*Insert other*]]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

40. Form of Notes: [Bearer Notes /Registered Notes]
- [Temporary Global Note exchangeable for a 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]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Global Certificate exchangeable for Definitive Certificates in the limited circumstances specified in the Global Certificate]
- (Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves.)*
41. Additional Financial Centre(s) or other special provisions relating to Payment Days in Condition 11(f): [Not Applicable/Applicable: Give details]
- [Note that this paragraph relates to the place of payment and not to Payment Day: Interest Period End Dates.
42. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No] [If Yes, give details]
43. Other final terms: [Not Applicable/Applicable: Give details]
- [When adding any other final terms, consideration should be given as to whether such terms constitute 'significant new factors' and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.]*
44. Further Issues provision: [Condition 18 applies/insert alternative provision if required].

## DISTRIBUTION

45. (a) If syndicated, names and addresses of Dealers and underwriting commitments: [Not Applicable/Applicable (Give names and addresses and underwriting commitments)]
- (Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a 'best efforts' basis if such entities are not the same as the Dealers)*
- (b) Date of Subscription Agreement: [Not Applicable/[●]]

- (c) Stabilising Manager(s) (if any): [Not Applicable/*Give name*]
- (d) If non-syndicated, name and address of relevant Dealer: [Not Applicable/(*insert name and address*)]
- (e) U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA D/TEFRA C/TEFRA Not Applicable] [Rule 144A]
46. Additional selling restrictions: [Not Applicable/*Specify*]
47. Additional United States Tax Considerations: [Not Applicable/*Specify*]

## PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on [Euronext Amsterdam by NYSE Euronext/*Specify other*] of the Notes described herein] pursuant to the Structured Medium Term Note Programme of Rabobank Structured Products.

## 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. Information on the [Equity Issuer(s)]/[Index/Indices]/[Reference Fund(s)]/[Reference Obligation(s)]/[Commodity]/[Currency] (the **Reference Information**) has been extracted from [●] [and/or other publicly available information]. The Issuer confirms that the Reference Information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]]

Signed on behalf of the Issuer:

By: \_\_\_\_\_  
*Duly authorised*

## PART B – OTHER INFORMATION<sup>16</sup>

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Amsterdam by NYSE Euronext/*Specify other*] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*Specify relevant regulated market and, if relevant, to admission to an official list*] with effect from [●].] [Not Applicable]
- (ii) Estimate of total expenses related to admission to trading: [●]

### 2. RATINGS

- Ratings: [Not Applicable]  
[The Notes to be issued have been rated:]  
[S&P: [●]]  
[Moody's: [●]]  
[[Other]: [●]]
- [The above disclosure should reflect the rating allocated to Notes of the type being issued pursuant to the Programme generally or, where the issue has been specifically rated, that rating.]*

### 3. 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*]

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(a) Reasons for the offer (other than [●] general corporate purposes):
- (b) Estimated net proceeds: [●]
- (c) Estimated total expenses: [●]

*[Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses".]*

*(N.B.: If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i) above is required where the reasons for*

<sup>16</sup> If an issue of Notes is **not** to be admitted to trading on a regulated market in the EEA, then only paragraphs 1 and 12 need to be completed and paragraphs 2 to 11 should be deleted.

*the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)*

**5. YIELD** *[Fixed Rate Notes Only]*

Indication of yield: [●]

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

**6. 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.]*

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

*[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

*[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]*

The Issuer does not intend to provide post-issuance information.

*(N.B. This paragraph 6 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

**7. PERFORMANCE OF [RATE(S) OF EXCHANGE/FORMULA/CURRENCIES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE [RATE(S) OF EXCHANGE/FORMULA/CURRENCIES]]** *(Currency Linked Notes only)*

*[Need to include details of where past and future performance and volatility of the [relevant rates/formula/currencies] can be obtained.]*

*[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]*

The Issuer does not intend to provide post-issuance information.

*(N.B. This paragraph 7 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

**8. PERFORMANCE OF [THE COMMODITY], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE COMMODITY]]** (*Commodity Linked Notes only*)

*[Need to include details of where past and future performance and volatility of [the Commodity] can be obtained.]*

*[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]*

The Issuer does not intend to provide post-issuance information.

*(N.B. This paragraph 8 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

**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.]*

*[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]*

The Issuer does not intend to provide post-issuance information.

*(N.B. This paragraph 9 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

**10. PERFORMANCE OF [UNDERLYING EQUITY / BASKET OF UNDERLYING EQUITIES / REFERENCE FUND / BASKET OF REFERENCE FUNDS], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING EQUITY / BASKET OF UNDERLYING EQUITIES / REFERENCE FUND / BASKET OF REFERENCE FUNDS** (*Equity Linked Notes and Fund Linked Notes only*)

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

*[Where the underlying is Equity or an investment or mutual fund, need to include the name of underlying and need to include details of where the information about the Equity can be obtained.]*

*[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*



*[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]*

The Issuer does not intend to provide post-issuance information.

*(N.B. This paragraph 10 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

**11. INFORMATION IN RELATION TO THE REFERENCE ENTITY, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING THE REFERENCE ENTITY] (Credit Linked Notes only)**

*[Need to include details of the Reference Entity and of where information on the Reference Entity can be obtained.]*

*[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]*

The Issuer does not intend to provide post-issuance information.

*(N.B. This paragraph 11 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

**12. OPERATIONAL INFORMATION**

- |                                   |  |
|-----------------------------------|--|
| (a) ISIN:                         | <div style="display: flex; justify-content: space-between;"><div>[●]</div><div><i>[If fungible with an existing Series insert:</i><br/>[Pending consolidation with the Tranche 1 Notes: [●]<br/>Following consolidation with the Tranche 1 Notes: [●]]</div></div> |
| (b) Common Code:                  | <div style="display: flex; justify-content: space-between;"><div>[●]</div><div><i>[If fungible with an existing Series insert:</i><br/>[Pending consolidation with the Tranche 1 Notes: [●]<br/>Following consolidation with the Tranche 1 Notes: [●]]</div></div> |
| (c) Fondscore:                    | <div style="display: flex; justify-content: space-between;"><div>[●]</div><div><i>[If fungible with an existing Series insert:</i><br/>[Pending consolidation with the Tranche 1 Notes: [●]<br/>Following consolidation with the Tranche 1 Notes: [●]]</div></div> |
| (d) The Depository Trust Company: | [CUSIP NUMBER]/Not Applicable]   |

- |     |  |  |
|-----|--|--|
| (e) | Any clearing system(s) other than DTC, Euroclear Bank S.A./N.V. and Clearstream Banking société anonyme and the relevant identification number(s): | [Not Applicable/ <i>Give name(s) and number(s)</i> ] |
| (f) | Delivery:  | Delivery [against/free of] payment                   |
| (g) | Names (and addresses) of additional (Paying/Delivery) Agent(s) (if any):   | Not Applicable/[●]                                   |
| (h) | Names (and addresses) of Calculation Agent(s) (if different from Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International)):   | Not Applicable/[●]                                   |

## **SCHEDULE [●] TO THE FINAL TERMS**

*(In relation to a tranche of Notes which is being increased and was originally issued under an Offering Circular with an earlier date than the current Offering Circular, insert full terms and conditions which shall be in the form set out in the previous Offering Circular which, in the case of a listed issue shall have been previously approved by the relevant competent authority)*

## TERMS AND CONDITIONS OF THE NOTES

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

This Note is one of a Series (as defined below) of Notes issued by Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (**Rabobank Structured Products** or **Issuer**).

References herein to the **Notes** shall be reference to the Notes of this Series and shall mean:

- (i) in relation to any Notes in bearer form represented by a temporary or permanent global note (each a **Global Note**), units of the lowest Specified Denomination in the specified currency;
- (ii) any Global Note;
- (iii) any Global Certificate;
- (iv) any definitive Notes in bearer form issued in exchange for a Global Note (**Definitive Notes**); and
- (v) any individual certificates issued in exchange for a Global Certificate (**Definitive Certificates** and together with Global Certificates, **Certificates**).

The Notes are issued pursuant to an amended and restated agency agreement (as amended or supplemented as at the date of issue of the Notes (the **Issue Date**)), between the Issuer, Deutsche Bank AG, London Branch as issuing and paying agent, (the **Issuing and Paying Agent**), Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabo Securities) as Euroclear Netherlands fiscal agent (the **Euroclear Netherlands Fiscal Agent**) and the other agents named (each a **Paying Agent** and together with the Issuing and Paying Agent and the Euroclear Netherlands Fiscal Agent, the **Paying Agents**) therein, Deutsche Bank Trust Company Americas as registrar (the **Registrar**, which expression shall include any successor registrar), as exchange agent (the **Exchange Agent**, which expression shall include any successor exchange agent) and as a transfer agent (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents) dated 24 December 2007 (the **Agency Agreement**) and with the benefit of a covenant (as amended or supplemented as at the Issue Date) dated 24 December 2007 executed by the Issuer in relation to the Notes (the **Covenant**). The Noteholders, the holders of the interest coupons (the **Coupons**) appertaining to interest bearing Notes and, where applicable in the case of such Notes, talons for further Coupons (the **Talons**) (the **Couponholders**) and the holders of the receipts for the payment of instalments of principal (the **Receipts**) relating to Notes of which the principal is payable in instalments (the **Receiptholders**) are deemed to have taken notice of and to have accepted all of the provisions of the Agency Agreement applicable to them. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons.

The Final Terms for the Notes (or the relevant provisions thereof) are attached to or endorsed on the Notes and supplement these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of the Notes. References to the 'applicable Final Terms' are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on the Notes.

As used herein, **Tranche** refers to Notes which are identical in all respects (including as to listing) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Agency Agreement, the Covenant and the ISDA Definitions (as defined below) are available for viewing during normal business hours at the specified offices of each of the Paying Agents.

Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer and the specified offices of the Paying Agents and copies may be obtained during normal business hours at the specified office of each of the Paying Agents save that, if this Note is neither listed on a stock exchange nor admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Covenant and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In these Terms and Conditions:

***General Definitions:***

<b>Affiliate</b>	Any entity controlled directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein <b>control</b> means the ownership of a majority of the voting power of the entity and <b>controlled by</b> and <b>controls</b> shall be construed accordingly.
<b>Broken Amount</b>	The amount specified as such in the applicable Final Terms.
<b>Business Day</b>	A day which is both: <ul style="list-style-type: none"><li>(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Amsterdam and London and any Additional Financial Centre specified in the applicable Final Terms; and</li><li>(b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre(s) of the country of the relevant Specified Currency (if other than London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Wellington, respectively) or (2) in relation to any sum payable in</li></ul>

euro, a day on which the TARGET System is open.

**Calculation Agent**

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International) or, if different, as specified in the applicable Final Terms. All determinations and calculations made by the Calculation Agent shall be made by it in its sole discretion and in good faith, acting reasonably and on an arm's-length basis. All such determinations and calculations so made shall be final and binding (save in the case of manifest error) on all parties. The Calculation Agent shall have no liability or responsibility to any person in relation to the determinations or calculations provided in connection herewith, except in the case of wilful default or bad faith.

**Clearstream**

Clearstream Banking, société anonyme.

**Day Count Fraction**

In respect of the calculation of an amount of interest for any Interest Period:

- (a) if 'Actual/Actual (ISDA)' or 'Actual/Actual' is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (b) if 'Actual/365 (Fixed)' is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (c) if 'Actual/365 (Sterling)' is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (d) if 'Actual/360' is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (e) if '30/360', '360/360' or 'Bond Basis' is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula based as follows:

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls:

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (f) if '30E/360' or 'Eurobond Basis' is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls:

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (g) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls:

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and in which case D<sub>2</sub> will be 30; and

- (h) if 'Actual/Actual (ISMA)' is specified in the applicable Final Terms, (A) if the Interest Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Interest Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and (B) if the Interest Period is longer than one Determination Period, the sum of: (x) the number of days in such Interest Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and (y) the number of days in such Interest Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year.

**Determination Period**

Each period from (and including) an Interest Determination Date to (but excluding) the next Interest Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not an Interest Determination Date, the period commencing on the first Interest Determination Date prior to, and ending on the first Interest Determination Date falling after, such date).

**DTC**

The Depository Trust Company or any successor thereto.

**Early Redemption Amount**

An amount equal to the market value of each Note on the date of redemption, adjusted, if so specified in the applicable Final Terms, to account for Early Redemption Unwind Costs.



<b>Early Redemption Unwind Costs</b>	The amount specified in the applicable Final Terms or, if <b>Standard Early Redemption Unwind Costs</b> are specified in the applicable Final Terms, 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 of 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 position, such amount to be apportioned pro rata amongst each nominal amount of Notes in the Specified Denomination.
<b>EURIBOR</b>	The Euro-zone inter-bank offered rate.
<b>euro</b>	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 on the European Union (signed in Maastricht on 7 February 1992).
<b>Euroclear</b>	Euroclear Bank S.A./N.V.
<b>Exchange Event</b>	Means that (i) an Event of Default (as defined in Condition 14) has occurred and is continuing or (ii) the Issuer has been notified that both Euroclear and Clearstream and/or if applicable Euroclear Netherlands and/or if applicable, any other clearing system has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system is available.
<b>Exercise Notice</b>	Has the meaning contained in Condition 5(d).
<b>Fiscal Agent</b>	The Issuing and Paying Agent if the (Global) Notes are or will be deposited with Euroclear, Clearstream or DTC or the Euroclear Netherlands Fiscal Agent if the (Global) Notes are or will be solely deposited with Euroclear Netherlands.
<b>Global Certificate</b>	A permanent Registered global certificate which will initially represent Registered Notes issued by the Issuer which are sold in the United States to qualified institutional buyers within the meaning of Rule 144A under the United States Securities Act of 1933, as amended (the <b>Securities Act</b> ).
<b>Holder</b>	The bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be).
<b>Interest Commencement Date</b>	The Issue Date unless otherwise specified in the applicable Final Terms.
<b>Interest Determination Date</b>	The interest determination date as specified in the applicable Final Terms.
<b>Intervening Period</b>	Such period of time as any person other than the relevant Noteholder shall continue to be registered as the legal owner of any securities or other obligations comprising the Asset Amount.
<b>Issue Price</b>	The issue price of the Notes as specified in the applicable Final Terms.

<b>LIBOR</b>	The London inter-bank offered rate.
<b>Margin</b>	The margin applicable to the Notes as specified in the applicable Final Terms.
<b>Maturity Date</b>	The date of maturity of the Notes as specified in the applicable Final Terms.
<b>Maximum Rate of Interest</b>	The maximum rate of interest as specified in the applicable Final Terms.
<b>Minimum Rate of Interest</b>	The minimum rate of interest as specified in the applicable Final Terms.
<b>Noteholder</b>	(i) The several persons who are for the time being holders of outstanding Notes being the bearers thereof save that, in respect of the Notes of any Series, for so long as the Notes or any part of them are represented by a Global Note held on behalf of Euroclear and Clearstream each person (other than Euroclear or Clearstream) who is for the time being shown in the records of Euroclear or of Clearstream as the holder of a particular nominal amount of the Notes of the Series (in which regard any certificate or other document issued by Euroclear or Clearstream as to the nominal amount of the Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be the holder of that nominal amount of Notes (and the holder of the relevant Global Note shall be deemed not to be the holder) for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the holder of the relevant Global Note shall be treated by the Issuer and any Paying Agent as the holder of the Notes in accordance with and subject to the terms of the relevant Global Note, or (ii) the person in whose name a Registered Note is registered (as the case may be).
<b>Obligatory Redemption</b>	The obligation of the Issuer to redeem the Notes on the applicable Obligatory Redemption Date(s) by payment of the applicable Obligatory Redemption Amount.
<b>Obligatory Redemption Amount</b>	An amount calculated as specified in the applicable Final Terms.
<b>Obligatory Redemption Date(s)</b>	If specified as applicable in the applicable Final Terms, the date(s) specified in the applicable Final Terms as being the Obligatory Redemption Date(s).
<b>Optional Redemption Amount</b>	An amount calculated in accordance with the applicable Final Terms.
<b>Optional Redemption Date(s)</b>	If specified as applicable in the applicable Final Terms, the date(s) designated and notified by the Issuer to the Noteholders (in the event Call Option is applicable) or by the Noteholders to the Issuer (in the event Put Option is declared applicable).
<b>Principal Protected</b>	Means an amount equal to 100 per cent. of the Specified Denomination. For the avoidance of doubt, the Principal Protection does not apply if the Notes are redeemed early or sold by an investor prior to the Maturity Date.
<b>Protection Amount</b>	In respect of a Series to which a Protection Amount is specified as applicable in the applicable Final Terms, means that the Final Redemption

Amount will, subject to the applicable Final Terms, in no circumstances be repayable, at the stated Maturity Date, at less than the specified percentage of the nominal amount of such Note. For the avoidance of doubt, the Protection Amount will not apply in the event that Notes are redeemed prior to their stated Maturity Date or upon the occurrence of a Tax Call, an Index Adjustment Event, a Potential Adjustment Event or an Event of Default.

<b>Record Date</b>	Has the meaning contained in Condition 11(d)(ii).
<b>Reference Rate</b>	The rate specified as such in the applicable Final Terms.
<b>Relevant Date</b>	In respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders that, upon further presentation of the Note, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.
<b>Screen Page</b>	Such page, section, caption or column or other part of a particular information service as may be specified in the applicable Final Terms.
<b>Securities Act</b>	The United States Securities Act of 1933, as amended.
<b>Specified Currency</b>	The currency of the Notes as specified in the applicable Final Terms.
<b>Specified Denomination or SD</b>	The denomination of the Notes as specified in the applicable Final Terms.
<b>Sub-unit</b>	With respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.
<b>TARGET System</b>	The Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System.
<b>Treaty</b>	The Treaty establishing the European Community, as amended.
<b>Zero Coupon Notes</b>	Notes during the term of which no interest shall become due and payable, unless specified otherwise in the applicable Final Terms or the Schedule thereto. The applicable Final Terms or the Schedule thereto will specify whether the Tranche constitutes Zero Coupon Notes or not.

## 1. Form, Denomination and Title

The Notes are issued in bearer form (**Bearer Notes**) or in registered form (**Registered Notes**) in each case in the Specified Denomination(s) as specified in the applicable Final Terms.

Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a Currency Linked Interest Note, a Commodity Linked Interest Note, an Index Linked Interest Note, an Equity Linked Interest Note, a

Fund Linked Interest Note, a Credit Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be a Currency Linked Redemption Note, a Commodity Linked Redemption Note, an Index Linked Redemption Note, an Equity Linked Redemption Note, a Fund Linked Redemption Note, a Credit Linked Redemption Note, a Dual Currency Redemption Note, an Instalment Note or a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

Currency Linked Notes are Currency Linked Interest Notes and Currency Linked Redemption Notes. Commodity Linked Notes are Commodity Linked Interest Notes and Commodity Linked Redemption Notes. Index Linked Notes are Index Linked Interest Notes and Index Linked Redemption Notes. Equity Linked Notes are Equity Linked Interest Notes and Equity Linked Redemption Notes. Fund Linked Notes are Fund Linked Interest Notes and Fund Linked Redemption Notes. Credit Linked Notes are Credit Linked Interest Notes and Credit Linked Redemption Notes. Dual Currency Notes are Dual Currency Interest Notes and Dual Currency Redemption Notes. This Note may be a combination of any of the foregoing, depending upon the Interest Basis and Redemption/Payment Basis shown in the applicable Final Terms.

Bearer Notes are represented either by a note in global form (**Global Note**) or by definitive Notes in bearer form (**Definitive Notes**).

Bearer Notes are serially numbered and, in the case of Definitive Notes, are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Any Note the principal amount of which is redeemable in instalments is issued with one or more Receipts attached.

Registered Notes, if specified in the relevant Final Terms, will be issued in the form of one or more Global Certificates without interest coupons, which may be deposited on the issue date either with (a) a common depositary on behalf of Euroclear and Clearstream or (b) a custodian for, and registered in the name of a nominee for, DTC.

Save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder. Notes sold in the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by a Global Certificate in registered form.

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

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, each person (other than Euroclear or Clearstream) who is for the time being shown in the records of Euroclear or of Clearstream as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount

of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered Holder of the relevant Global Certificate shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note.

For so long as the DTC or its nominee is the registered owner or holder of a Global Certificate, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, as the case may be. References to DTC, Euroclear and/or Clearstream shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer and the Fiscal Agent.

## **2. Transfers of Registered Notes**

### **(a) *Transfer of Registered Notes***

Transfers of beneficial interests in Global Certificates will be effected by DTC, Euroclear or Clearstream, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Global Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Definitive Certificates or for a beneficial interest in another Global Certificate only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Global Certificate registered in the name of a nominee for DTC shall be limited to transfers of such Global Certificate, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

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

### **(b) *Exercise of Options or Partial Redemption in Respect of Registered Notes***

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

enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(c) ***Delivery of New Certificates***

Each new Certificate to be issued pursuant to Conditions 2(a) or (b) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c), 'business day' means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) ***Exchange Free of Charge***

Exchange and transfer of Notes and Certificates on registration, transfer, partial redemption or exercise of an Option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(e) ***Closed Periods***

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(c), or (iii) after any such Note has been called for redemption.

(f) ***Transfers of interests in Legended Notes***

Transfers of Legended Notes or beneficial interests therein may be made:

- (i) to a transferee who takes delivery of such interest through a Legended Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
- (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be

required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

(g) In this Condition, the following expressions shall have the following meanings:

**Legended Note** means Registered Notes (whether in definitive form or represented by a Global Certificate) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;

**QIB** means a **qualified institutional buyer** within the meaning of Rule 144A;

**Regulation S** means Regulation S under the Securities Act;

**Rule 144A** means Rule 144A under the Securities Act; and

**Securities Act** means the United States Securities Act of 1933, as amended.

### 3. Status of the Notes

Unless otherwise agreed between the Issuer and the relevant Dealer(s) in respect of any issue as set forth in the applicable Final Terms, the Notes and the Receipts and Coupons relating to them constitute unsubordinated and unsecured obligations of the Issuer and such Notes or, as the case may be, Receipts and Coupons, shall at all times rank *pari passu* and without any preference among themselves and (subject as aforesaid and to certain statutory exceptions) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding.

If the Issuer elects and so specifies in the applicable Final Terms, and subject to compliance with all relevant laws, regulations and directives, the Notes and the Receipts and Coupons relating thereto may constitute subordinated and unsecured obligations of the Issuer and such Notes or, as the case may be, Receipts and Coupons of the Issuer shall at all times rank *pari passu* and without any preference among themselves (save for certain provisions of mandatory law).

### 4. Interest and Other Calculations

#### (a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date if that does not fall on an Interest Payment Date.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Terms and Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to the relevant Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resulting figure to the nearest Sub-

Unit of the relevant Specified Currency, half of any such Sub-Unit being rounded upwards or otherwise in accordance with applicable market convention.

(b) ***Interest on Floating Rate Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Fund Linked Interest Notes, Index Linked Interest Notes, Equity Linked Interest Notes and Credit Linked Interest Notes***

(i) Interest Payment Dates

Each Floating Rate Note, Currency Linked Interest Note, Commodity Linked Interest Note, Fund Linked Interest Note, Index Linked Interest Note, Equity Linked Interest Note and Credit Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) (each an **Interest Payment Date**) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each **Interest Period** (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (w) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) above, the floating rate convention (the **Floating Rate Convention**), such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be the first preceding day that is a Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (x) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (y) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be the first preceding day that is a Business Day; or



- (z) the Preceding Business Day Convention, such Interest Payment Date shall be the first preceding day that is a Business Day.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Fund Linked Interest Notes, Index Linked Interest Notes, Equity Linked Interest Notes and Credit Linked Interest Notes for each Interest Period will be determined in the manner specified in the applicable Final Terms and the provisions below relating to ISDA Determination, Screen Rate Determination or any other method of determination that may be specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), 'ISDA Rate' for an Interest Period means a rate equal to the Floating Rate that would be determined by the Fiscal Agent under an interest rate swap transaction if the Fiscal Agent were acting as Calculation Agent for that swap transaction pursuant to the terms of an agreement incorporating the 2006 ISDA Definitions as amended and updated as at the Issue Date of the first Tranche of the Notes, as published by the International Swaps and Derivatives Association, Inc. (the **ISDA Definitions**) and under which:

1. the Floating Rate Option is as specified in the applicable Final Terms;
2. the Designated Maturity is a period specified in the applicable Final Terms; and
3. the relevant Reset Date is either (i) 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 that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

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

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Central European Time, in the case of

EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Fiscal Agent. If five or more of such offered quotations are available on the relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Fiscal Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

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

(iii) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specify a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specify a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Determination of the Rate of Interest and Calculation of Interest Amounts

The Fiscal Agent, in the case of Floating Rate Notes, or the Calculation Agent, in the case of Currency Linked Interest Notes, Commodity Linked Interest Notes, Index Linked Interest Notes, Credit Linked Interest Notes and Equity Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Currency Linked Interest Notes, Commodity Linked Interest Notes, Index Linked Interest Notes, Equity Linked Interest Notes and Credit Linked Interest Notes, the Calculation Agent will notify the Fiscal Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Fiscal Agent or, as the case may be, the Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Index Linked Interest Notes, Equity Linked Interest Notes and Credit Linked Interest Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest Sub-Unit of the relevant Specified Currency, half of any such Sub-Unit being rounded upwards or otherwise in accordance with applicable market convention. In the case of Currency Linked Interest Notes, Commodity Linked Interest Notes, Index Linked Interest Notes, Equity Linked Interest Notes and Credit

Linked Interest Notes, the Calculation Agent will notify the Agent of the Interest Amount payable on the Notes in respect of each Specified Denomination for the relevant Interest Period as soon as practicable after calculating the same.

(v) Notification of Rate of Interest and Interest Amounts

The Fiscal Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Paying Agents and any stock exchange on which the relevant Floating Rate Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Index Linked Interest Notes, Fund Linked Interest Notes, Credit Linked Interest Notes and Equity Linked Interest Notes, are for the time being listed and notice thereof to be published in accordance with Condition 19 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Index Linked Interest Notes, Equity Linked Interest Notes and Credit Linked Interest Notes, are for the time being listed and to the Noteholders in accordance with Condition 19. For the purposes of this paragraph, the expression '**London Business Day**' means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(vi) Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4, whether by the Fiscal Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Fiscal Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Fiscal Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) ***Interest on Currency Linked Interest Notes, Commodity Linked Interest Notes, Index Linked Interest Notes, Fund Linked Interest Notes, Credit Linked Interest Notes and Equity Linked Interest Notes***

In the case of Currency Linked Interest Notes, Commodity Linked Interest Notes, Index Linked Interest Notes, Fund Linked Interest Notes, Credit Linked Interest Notes and Equity Linked Interest Notes, the rate or amount of interest payable in respect of each Interest Period or specified Interest Payment Date, as the case may be, shall be determined in the manner specified in the applicable Final Terms.

(d) ***Interest on Dual Currency Notes***

In the case of Notes to which Dual Currency has been declared applicable, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.

(e) ***Interest on Partly Paid Notes***

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

(f) ***Accrual of Interest***

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Note have been paid; and
- (ii) five (5) days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 19,

Provided That if Condition 10(b) or Condition 10(c) applies in respect of the Notes and:

- (A) **Accrual of Interest upon Credit Event** is specified as Not Applicable in the applicable Final Terms, each Note shall cease to bear interest from the Interest Period End Date immediately preceding the Credit Event Determination Date, or if the Credit Event Determination Date is an Interest Period End Date such Interest Period End Date or, if the Credit Event Determination Date falls prior to the first Interest Period End Date, no interest shall accrue on the Notes; or
- (B) **Accrual of Interest upon Credit Event** is specified as being Applicable in the applicable Final Terms, each Note shall cease to bear interest from the Credit Event Determination Date; and

Provided Further That, if:

- (A) Condition 10(d) or Condition 10(e) applies in respect of the Notes and, in the case of Condition 10(d), a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date or, in the case of Condition 10(e) a Failure to Pay has not occurred on or prior to the Grace Period Extension Date, as the case may be; and/or
- (B) Condition 10(f) applies in respect of the Notes and the Scheduled Maturity Date, the Grace Period Extension Date or the Repudiation/Moratorium Evaluation Date, as the case may be, is postponed as provided therein,

then interest will accrue as provided in Condition 10(d), Condition 10(e) or Condition 10(f), as the case may be.

**5. Redemption and Purchase**

(a) ***Redemption on the Maturity Date***

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer on the Maturity Date at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency.

(b) ***Redemption for Taxation Reasons***

The Notes may be redeemed (a **Tax Call**) at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified in the applicable Final Terms, at any time, on giving not less than 30 days' notice to the Noteholders (which notice shall be irrevocable), at the Early Redemption Amount (calculated with interest accrued to the date fixed for redemption by settlement in cash in accordance with the provisions of Condition 11) if;

- (i) on the occasion of the next payment or delivery due pursuant to the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 as a result of any change in, or amendment to, the laws or regulations of the Netherlands (or any other relevant business jurisdiction of the Issuer, as referred to in Condition 12) 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 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.

(c) ***Redemption at the Option of the Issuer (Issuer Call)***

If Call Option is declared applicable in the applicable Final Terms, the Issuer shall give notice of its intention to redeem the Notes:

- (i) not less than five (5) nor more than 30 Business Days' notice (or such other notice period specified in the applicable Final Terms) prior to the Optional Redemption Date to the Noteholders in accordance with Condition 19; and
- (ii) not less than seven (7) Business Days prior to the giving of the notice referred to in subparagraph (i) above, to the Fiscal Agent in accordance with Condition 19.

Such notices of the Issuer's intention to redeem the Notes shall be irrevocable and shall specify whether the Issuer will redeem all or, if so provided, some of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Higher Redemption Amount, each as specified in the applicable Final Terms.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot without involving any part only of a Note, in the case of Redeemed Notes represented by Definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream and/or DTC in the case of Redeemed Notes represented by a Global Note or Global Certificate, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by Definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 19 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed

Notes represented by Definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of Definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note or Global Certificate shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note or Global Certificate will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 19 at least five (5) days prior to the Selection Date.

(d) ***Redemption at the Option of Noteholders and Exercise of Noteholders' Options (Put Option)***

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

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

If this Note is represented by a Global Note or a Global Certificate or is in definitive form and held through Euroclear, Clearstream or DTC, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Fiscal Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream and DTC (which may include notice being given on his instruction by Euroclear, Clearstream, DTC or any depositary for them to the Fiscal Agent by electronic means) in a form acceptable to Euroclear, Clearstream and DTC from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Fiscal Agent for notation accordingly.

Any put notice or other notice given in accordance with the standard procedures of Euroclear, Clearstream and DTC given by a holder of any Note pursuant to this Condition 5(d) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 5(d) and instead to declare such Note forthwith due and payable pursuant to Condition 14.

(e) ***Redemption for Illegality***

In the event that the Calculation Agent determines in good faith that the performance of the Issuer's obligations under the Notes or that any arrangements made to hedge the Issuer's obligations under the Notes has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, the Issuer having given not less than ten (10) nor more than 30 days' notice to Noteholders in accordance with Condition 19 (which notice shall be irrevocable), may, on expiry of such notice

redeem all, but not some only, of the Notes, each Note being redeemed at the Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(f) ***Obligatory Redemption***

If Obligatory Redemption is specified as applicable in the applicable Final Terms, the Issuer has the obligation to redeem the Notes on the applicable Optional Redemption Date against payment of the applicable Optional Redemption Amount in accordance with the Terms and Conditions of the Notes.

(g) ***Early Redemption Amounts***

For the purposes of Condition 5(b) and Condition 14, the Notes will be redeemed at the Early Redemption Amount.

(h) ***Instalments***

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 5(g).

(i) ***Purchases***

The Issuer and any of its subsidiaries may at any time purchase Notes (provided that, in the case of Definitive Notes, all unmatured Receipts and Coupons and unexchanged Talons relating thereto are purchased therewith) 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, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

(j) ***Cancellation***

All Notes which are redeemed will forthwith be cancelled (together with, in the case of Definitive Notes, all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and Notes purchased and cancelled pursuant to paragraph (i) above (together with, in the case of Definitive Notes, all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

(k) ***Late payment on Notes on which no interest is due***

If the amount payable in respect of a Note on which no interest is due upon redemption of such Note pursuant to paragraph (a), (b) or (c) above or upon its becoming due and repayable as provided in Condition 11 is improperly withheld or refused, the amount of interest due and payable on such outstanding amount, which has become due and repayable, shall be EONIA (Effective Overnight Interest Average), from and including the fifth day after the day on which the amount payable on such Note has become due until but excluding the earlier of:

- (i) the date on which all amounts due in respect of such Note have been paid; and
- (ii) five (5) days after the date on which the full amount of moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 19.

(l) ***Partly Paid Notes***

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

6. **Currency Linked Redemption Notes and Commodity Linked Redemption Notes**

Provisions relating to the redemption of Currency Linked Redemption Notes and Commodity Linked Redemption Notes will be set out in the applicable Final Terms.

7. **Index Linked Notes**

(a) ***Redemption of Index Linked Redemption Notes***

Unless previously redeemed or purchased and cancelled, each nominal amount of the Index Linked Redemption Notes equal to the lowest Specified Denomination set out in the applicable Final Terms will be redeemed by the Issuer on the Maturity Date at the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms.

(b) ***Adjustments to an Index and Additional Disruption Events***

(i) Successor Index Sponsor Calculates and Reports an Index

If a relevant Index is (A) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent, or (B) 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, then in each case that index (the **Successor Index**) will be deemed to be the Index.

(ii) Modification and Cessation of Calculation of an Index

If (A) on or prior to the Valuation Date the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation, contracts or commodities and other routine events) (an **Index Modification**) or permanently cancels the Index and no Successor Index exists (an **Index Cancellation**), or (B) on the Valuation Date, the Index Sponsor or (if applicable) the successor Index Sponsor fails to calculate and announce a relevant Index (an **Index Disruption** and, together with an Index Modification and an Index Cancellation, each an **Index Adjustment Event**), then:

- (A) the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Notes and, if so, shall calculate the Reference Level using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on the Valuation Date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities/commodities that comprised that Index immediately prior to that Index Adjustment Event; or
- (B) the Issuer shall, on giving notice to the Noteholders in accordance with Condition 19, redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the lowest Specified Denomination being redeemed at the Early Redemption Amount.



- (iii) If Additional Disruption Events are specified as applicable in the applicable Final Terms, then if an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may:
  - (A) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the Final Redemption Amount and/or the Strike Level and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms, and/or remove and/or substitute the affected Index, to account for the Additional Disruption Event and determine the effective date of that adjustment; or
  - (B) give notice to the Noteholders in accordance with Condition 19 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the lowest Specified Denomination being redeemed at the Early Redemption Amount.

Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 19 stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

(iv) Notice

Upon the occurrence of an Index Adjustment Event, the Calculation Agent shall give notice as soon as practicable to Noteholders in accordance with Condition 19 giving details of the action proposed to be taken in relation thereto.

(v) Correction of the Reference Level

In the event that any price or level published by the Index Sponsor which is utilised for any calculation or determination made under the Notes is subsequently corrected, the Calculation Agent will in its sole and absolute discretion adjust the terms of the Notes to account for such correction, provided that such correction is published and made available to the public by the Index Sponsor during a period following original publication equal in duration to the period in which a trade in futures or options contracts relating to the Index on the relevant Related Exchange would customarily settle according to the rules of such Related Exchange, or if there are multiple Related Exchanges in respect of the Index, the longest such period, and further provided, that such publication of such correction is made sufficiently (in the sole and absolute discretion of the Calculation Agent) in advance of the Maturity Date or the relevant Specified Interest Payment Date to make such adjustment prior to the Maturity Date or the relevant Specified Interest Payment Date, as the case may be.

(c) ***Definitions applicable to Index Linked Notes***

**Additional Disruption Event** means Hedging Disruption, Increased Cost of Hedging, or any other Additional Disruption Event, in each case if specified in the applicable Final Terms.

**Averaging Date** means, in respect of each Valuation Date, each date specified or otherwise determined as provided in the applicable Final Terms provided that, if any Averaging Date is a Disrupted Day, then:

- (i) if 'Omission' is specified in the applicable Final Terms, such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Reference Level. If no Averaging Date would occur with respect to the relevant Valuation

Date, then for the purposes of determining the relevant level on the final Averaging Date, such Averaging Date shall be deemed to be a Valuation Date;

- (ii) if 'Postponement' is specified in the applicable Final Terms, then such Averaging Date shall be deemed to be a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a date that already is or is deemed to be an Averaging Date for the Index Linked Notes; or
- (iii) if 'Modified Postponement' is specified in the applicable Final Terms, then:
  - (A) where the Notes are specified in the applicable Final Terms to relate to a single Index, the Averaging Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight (8) Scheduled Trading Days immediately following the relevant Scheduled Valuation Date is a Disrupted Day. In that case (i) the eighth Scheduled Trading Day shall be deemed to be the Averaging Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Reference Level in the manner set out in the applicable Final Terms or, if not set out or not practicable, determine the Reference Level by determining the level of the Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted level as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day); or
  - (B) where the Notes are specified in the applicable Final Terms to relate to a Basket of Indices, the Averaging Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Averaging Date for each Index affected by the occurrence of a Disrupted Day (each an **Affected Index**) shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the eight (8) Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Index. In that case (i) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date for the Affected Index, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Reference Level using, in relation to the

Affected Index, the level of that Index determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted level as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day).

<b>Basket</b>	means a basket comprising two or more indices specified in the applicable Final Terms in the relative proportions specified in the applicable Final Terms.
<b>Disrupted Day</b>	means 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.
<b>Exchange</b>	means, in relation to an Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities/commodities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities/commodities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange).
<b>Exchange Business Day</b>	means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time.
<b>Final Redemption Amount</b>	<p>means the Final Redemption Amount specified in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an amount equal to:</p> <p>(i) in the case of an Index Linked Note in respect of which Call Option is specified as applicable in the applicable Final Terms (<b>Call Index Linked Redemption Note</b>).</p>

$$\frac{\text{Reference Level}}{\text{Strike Level}} \times \text{Specified Denomination}; \text{ or}$$

- (ii) in the case of an Index Linked Note in respect of which Put Option is specified as applicable in the applicable Final Terms (**Put Index Linked Redemption Note**).

$$\frac{\text{Strike Level}}{\text{Reference Level}} \times \text{Specified Denomination}$$

provided always that the Final Redemption Amount shall in no event be less than zero. The Final Redemption Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit), in the Specified Currency, 0.005 (or, in the case of Japanese Yen, half of one unit) being rounded upwards.

**Hedging Disruption**

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

**Increased Cost of Hedging**

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

**Index and Indices**

mean, subject to adjustment in accordance with Condition 7(b), the index or indices specified in the applicable Final Terms and related expressions shall be construed accordingly.

**Index Sponsor**

means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date is the index sponsor specified for such Index in the applicable Final Terms.

**Initial Level**

means the level specified as such in the applicable Final Terms.

**Least Performer**

means, with respect to an Exchange Business Day during the Observation Period, the Index in respect of which the following formula yields, in the determination of the Calculation Agent, the smallest positive number or the largest negative number, on such Exchange Business Day:

(Reference Level of the Index on the Exchange Business Day minus the Initial Level with respect to such Index) divided by the Initial Level with respect to such Index,

provided that if the above formula yields the same number with respect to two or more Indices the Calculation Agent shall determine the Least Performer.

**Market Disruption Event**

means, in respect of an Index:

- (i) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time of:
  - (A) 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:
    - (x) on any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index; or
    - (y) in futures or options contracts relating to the relevant Index on any relevant Related Exchange; or
  - (B) any event (other than an event described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, on any relevant Exchange(s) securities/commodities that comprise 20 per cent. or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange,

which in either case the Calculation Agent determines is material; or

the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

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

**Multiplier**

means the weight of each of the Indices comprising the Basket, as specified in the applicable Final Terms.

**Observation Date(s)**

means each date specified as such in the applicable Final Terms, or if such date is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless Disrupted Day is specified as applicable in the applicable Final Terms and, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day:

- (i) where the Notes are specified in the applicable Final Terms to relate to a single Index, the Observation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight (8) Scheduled Trading Days immediately following the Scheduled Observation Date is a Disrupted Day. In that case, (i) the eighth Scheduled Trading Day shall be deemed to be the Observation Date, notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent, shall, where practicable, determine the Reference Level in the manner set out in the applicable Final Terms, or if not set out or not so practicable, determine the Reference Level in accordance with its good faith estimate of the Reference Level as of the Valuation Time on that eighth Scheduled Trading Day; or
- (ii) where the Notes are specified in the applicable Final Terms to relate to a Basket of Indices, the Observation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Observation Date, and the Observation Date for each Index affected by the occurrence of a Disrupted Day (each an **Affected Index**) shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index unless each of the eight (8) Scheduled Trading Days immediately following the Scheduled Observation Date is a Disrupted Day relating to the Affected Index. In that case, (i) the eighth Scheduled Trading Day shall be deemed to be the Observation Date for the Affected Index, notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent shall where practicable, determine the Reference Level in the manner set out in the applicable Final Terms or, if not set out or if not so practicable, determine the Reference Level in accordance with its good faith estimate of the Reference Level as of the Valuation Time on that eighth Scheduled Trading Day.

**Observation Period**

means the period specified in the applicable Final Terms as being the Observation Period.

<b>Reference Level</b>	<p>means:</p> <ul style="list-style-type: none"> <li>(i) where the Notes are specified in the applicable Final Terms to relate to a single Index, an amount (which shall be deemed to be an amount of the Specified Currency) equal to the official closing level of the Index published by the Index Sponsor on the relevant date, as determined by the Calculation Agent (or if a Valuation Time other than the Scheduled Closing Time is specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent at such Valuation Time on the relevant date); and</li> <li>(ii) where the Notes are specified in the applicable Final Terms to relate to a Basket of Indices, an amount (which shall be deemed to be an amount of the Specified Currency) equal to the sum of the values calculated for each Index as the official closing level of each Index as published by the Index Sponsor on the relevant date, as determined by the Calculation Agent (or if a Valuation Time other than the Scheduled Closing Time is specified in the applicable Final Terms, the level of each Index determined by the Calculation Agent at such Valuation Time on the relevant date), multiplied by the relevant Multiplier specified in the applicable Final Terms.</li> </ul>
<b>Related Exchange</b>	<p>means, in relation to an Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, 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 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 on such temporary substitute exchange or quotation system as on the original Related Exchange), Provided That where 'All Exchanges' is specified as the Related Exchange in the applicable Final Terms, 'Related Exchange' shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index.</p>
<b>Scheduled Closing Time</b>	<p>means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, 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.</p>
<b>Scheduled Observation Date</b>	<p>means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Observation Date.</p>
<b>Scheduled Trading Day</b>	<p>means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.</p>
<b>Scheduled Valuation Date</b>	<p>means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.</p>
<b>Strike Level</b>	<p>means the level specified as such in the applicable Final Terms.</p>
<b>Trade Date</b>	<p>means the date specified as such in the applicable Final Terms.</p>

**Valuation Date**

means the date (or dates) specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless Disrupted Day is specified as applicable in the applicable Final Terms and, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day then:

- (i) where the Notes are specified in the applicable Final Terms to relate to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight (8) Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case (i) the eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent, shall, where practicable, determine the Reference Level in the manner set out in the applicable Final Terms, or if not set out or not so practicable, determine the Reference Level in accordance with its good faith estimate of the Reference Level as of the Valuation Time on that eighth Scheduled Trading Day; or
- (ii) where the Notes are specified in the applicable Final Terms to relate to a Basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index affected by the occurrence of a Disrupted Day (each an **Affected Index**) shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the eight (8) Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Index. In that case (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Index, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall where practicable, determine the Reference Level in the manner set out in the applicable Final Terms or, if not set out or if not so practicable, determine the Reference Level in accordance with its good faith estimate of the Reference Level as of the Valuation Time on that eighth Scheduled Trading Day

**Valuation Time**

means the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant date in relation to each Index to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

**8. Equity Linked Notes****(a) *Redemption of Equity Linked Redemption Notes***

Unless previously redeemed or purchased and cancelled, each nominal amount of Equity Linked Redemption Notes equal to the lowest Specified Denomination set out in the applicable Final Terms will be redeemed by the Issuer on the Maturity Date (A) if Cash Settlement is specified in the applicable Final Terms, by payment of the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms on the Maturity Date or (B) if Physical Delivery



is specified in the applicable Final Terms, by delivery of the Asset Amount specified in, or determined in the manner specified in, the applicable Final Terms (subject as provided below) or (C) if Cash Settlement and/or Physical Delivery is specified in the applicable Final Terms, by payment of the Final Redemption Amount and/or by delivery of the Asset Amount on the terms set out in the applicable Final Terms, in each case on the Maturity Date (subject as provided below).

(b) ***Potential Adjustment Events, De-listing, Merger Event, Tender Offer, Nationalisation and Insolvency, Additional Disruption Events and Adjustments for Equity Linked Notes in respect of Underlying Equities quoted in European Currencies***

(i) If Potential Adjustment Events are specified as applicable in the applicable Final Terms, then following the declaration by an Equity Issuer of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting, concentrative or other effect on the theoretical value of the Underlying Equities and, if so, the Issuer may:

- (A) require the Calculation Agent to (1) make the corresponding adjustment, if any, to any one or more of the Final Redemption Amount and/or the Asset Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms and/ or remove and/or substitute the affected Underlying Equity, in each case, as the Calculation Agent in its sole and absolute discretion 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 Underlying Equity) and (2) determine the effective date of that adjustment; or
- (B) by giving notice to the Noteholders in accordance with Condition 19, redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Specified Denomination being redeemed at the Early Redemption Amount.

If the provisions of Condition 8(b)(i)(A) apply, the Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Underlying Equities traded on that options exchange.

Upon making an adjustment pursuant to Condition 8(b)(i)(A), the Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 19, stating the adjustment to the Final Redemption Amount and/or the Asset Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event.

(ii) If (x) De-listing, Merger Event, Nationalisation and/or Insolvency is specified as applicable in the applicable Final Terms and/or (y) Tender Offer is specified as applicable in the applicable Final Terms, and (in the case of (x)) a De-listing, Merger Event, Nationalisation or Insolvency occurs or (in the case of (y)) a Tender Offer occurs, in each case, in relation to an Underlying Equity, the Issuer in its sole and absolute discretion may:

- (A) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the Final Redemption Amount and/or the Asset Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms, and/or remove and/or substitute the affected Underlying

Equity, to account for the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment; or

- (B) by giving notice to the Noteholders in accordance with Condition 19, redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Specified Denomination being redeemed at the Early Redemption Amount.

If the provisions of Condition 8(b)(ii)(A) apply, the Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, made by an options exchange to options on the Underlying Equities traded on that options exchange.

Upon the occurrence (if applicable) of a De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, the Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 19 stating the occurrence of the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

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

- (A) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the Final Redemption Amount and/or the Asset Amount and/or the Strike Level and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms, and/or remove and/or substitute the affected Underlying Equity, to account for the Additional Disruption Event and determine the effective date of that adjustment; or
- (B) give notice to the Noteholders in accordance with Condition 19 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the lowest Specified Denomination being redeemed at the Early Redemption Amount.

Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 19 stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

- (iv) In respect of Equity Linked Redemption Notes relating to Underlying Equities originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty, if such Underlying Equities are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange or, where no Exchange is specified in the applicable Final Terms, the principal market on which those Underlying Equities are traded, then the Calculation Agent will adjust any one or more of the Final Redemption Amount and/or the Asset Amount and/or the Strike Level and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent determines in its sole and absolute discretion to be appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time.

No adjustments under this Condition 8(b)(iv) will affect the currency denomination of any payment obligation arising out of the Notes.

(v) **Correction of the Reference Price**

In the event that any price or level published by an Exchange which is utilised for any calculation or determination made under the Notes is subsequently corrected, the Calculation Agent will in its sole and absolute discretion adjust the terms of the Notes to account for such correction, provided that such correction is published and made available to the public by the relevant Exchange during a period following original publication equal in duration to the period in which a trade in the Underlying Equity would customarily settle according to the rules of such Exchange, and further provided, that such publication of such correction is made sufficiently (in the sole and absolute discretion of the Calculation Agent) in advance of the Maturity Date or the Specified Interest Payment Date to make such adjustment prior to the Maturity Date or the relevant Specified Interest Payment Date, as the case may be.

(c) ***Physical Delivery***

(i) If any Equity Linked Redemption Note is to be redeemed by delivery of the Asset Amount comprising the Relevant Assets, in order to obtain delivery of the Asset Amount(s) in respect of such Note:

- (A) if such Note is represented by a Global Note, the relevant Noteholder must deliver or have delivered to Euroclear or Clearstream (as applicable), with a copy to the Issuer, not later than the close of business in each place of receipt on the Cut-Off Date, a duly completed Asset Transfer Notice; and
- (B) if such Note is a Definitive Note, the relevant Noteholder must deliver such note to any Paying Agent, with a copy to the Issuer, not later than the close of business in each place of receipt on the Cut-Off Date, a duly completed Asset Transfer Notice (as defined below).

Forms of the Asset Transfer Notice may be obtained during normal business hours from the specified office of any Paying Agent.

An Asset Transfer Notice may only be delivered (i) if such Note is represented by a Global Note, in such manner as is acceptable to Euroclear or Clearstream, as the case may be, or (ii) if such Note is a Definitive Note, in writing or by tested telex.

If this Note is a Definitive Note, it must be delivered together with the duly completed Asset Transfer Notice.

An Asset Transfer Notice must:

- (A) specify the name and address of the relevant Noteholder, the person from whom the Issuer may obtain details for the delivery of the Asset Amount and any details required for delivery of the Asset Amount set out in the applicable Final Terms;
- (B) in the case of Notes represented by a Global Note, specify the nominal amount of Notes which are the subject of such notice and the number of the Noteholder's account at Euroclear or Clearstream, as the case may be, to be debited with such Notes and irrevocably instruct and authorise Euroclear or Clearstream, as the case may be, to debit the relevant Noteholder's account with such Notes on or before the Delivery Date (as defined below);

- (C) include an undertaking to pay all Delivery Expenses (as defined below) and, in the case of Notes represented by a Global Note, an authority to debit a specified account of the Noteholder at Euroclear or Clearstream, as the case may be, in respect thereof and to pay such Delivery Expenses;
- (D) specify an account to which dividends (if any) payable pursuant to this Condition 8(c) or any other cash amounts specified in the applicable Final Terms as being payable are to be paid; and
- (E) authorise the production of such notice in any applicable administrative or legal proceedings.

No Asset Transfer Notice may be withdrawn after receipt thereof by Euroclear or Clearstream or a Paying Agent, as the case may be, as provided above. After delivery of Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice.

In the case of Notes represented by a Global Note, upon receipt of such notice, Euroclear or Clearstream, as the case may be, shall verify that the person specified therein as the Noteholder is the holder of the specified nominal amount of Notes according to its books.

Failure properly to complete and deliver an Asset Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such Asset Transfer Notice has been properly completed and delivered as provided in these Terms and Conditions shall be made, in the case of Notes represented by a Global Note, by Euroclear or Clearstream, as the case may be, after consultation with the Issuer and shall be conclusive and binding on the Issuer and the relevant Noteholder and, in the case of Definitive Notes, by the relevant Paying Agent, after consultation with the Issuer, and shall be conclusive and binding on the Issuer and the relevant Noteholder.

Delivery of the Asset Amount in respect of each Note shall be made at the risk of the relevant Noteholder in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice or in such manner as is specified in the applicable Final Terms.

In relation to each Note which is to be redeemed by delivery of the Asset Amount, the Asset Amount will be delivered at the risk of the relevant Noteholder, in the manner provided above on the Maturity Date (such date, subject to adjustment in accordance with this Condition, the **Delivery Date**), provided that the Asset Transfer Notice is duly delivered to Euroclear, Clearstream or a Paying Agent, as the case may be, with a copy to the Issuer, as provided above, not later than the close of business in each place of receipt on the Cut-Off Date specified in the applicable Final Terms.

If a Noteholder fails to give an Asset Transfer Notice as provided herein with a copy to the Issuer, not later than the close of business in each place of receipt on the Cut-Off Date, then the Asset Amount will be delivered as soon as practicable after the Maturity Date (in which case, such date of delivery shall be the 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, as a result of such Delivery Date falling after the originally designated Delivery Date and no liability in respect thereof shall attach to the Issuer.

- (ii) All Delivery Expenses arising from the delivery of the Asset Amount in respect of such Notes shall be for the account of the relevant Noteholder and no delivery of the Asset Amount shall be made until all Delivery Expenses have been paid to the satisfaction of the Issuer by the relevant Noteholder.

After delivery of the Asset Amount and for the Intervening Period, none of the Issuer, the Calculation Agent nor any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities or obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities or obligations or (iii) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities or obligations.

If, prior to the delivery of the Asset Amount in accordance with this Condition, a Settlement Disruption Event is subsisting, then the Delivery Date in respect of such Note shall be postponed until the date on which no Settlement Disruption Event is subsisting and notice thereof shall be given to the relevant Noteholder, in accordance with Condition 19. Such Noteholder shall not be entitled to any payment, whether of interest or otherwise, on such Note as a result of any delay in the delivery of the Asset Amount pursuant to this paragraph. Where delivery of the Asset Amount has been postponed as provided in this paragraph the Issuer shall not be in breach of these Terms and Conditions and no liability in respect thereof shall attach to the Issuer.

For so long as delivery of the Asset Amount in respect of any Note is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, 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 (the **Election Notice**) is given to the Noteholders in accordance with Condition 19. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Noteholders in accordance with Condition 19.

Where the Asset Amount is, in the determination of the Issuer, an amount other than an amount of Relevant Assets capable of being delivered, the Noteholders will receive an Asset Amount comprising of the nearest number (rounded down) of Relevant Assets capable of being delivered by the Issuer (taking into account that a Noteholder's entire holding may be aggregated at the Issuer's discretion for the purpose of delivering the Asset Amounts), and an amount in the Specified Currency which shall be the value of the amount of the Relevant Assets so rounded down, as calculated by the Calculation Agent in its sole discretion from such source(s) as it may select (converted if necessary into the Specified Currency by reference to such exchange rate as the Calculation Agent deems appropriate). Payment will be made in such manner as shall be notified to the Noteholders in accordance with Condition 19.

For the purposes of the Notes (i) the Issuer shall be under no obligation to register or procure the registration of any Noteholder or any other person as the registered shareholder in the register of members of any Equity Issuer, (ii) the Issuer shall not be obliged to account to any Noteholder or any other person for any entitlement received or that is receivable in respect of any Underlying Equities comprising the Asset Amount in respect of any Note if the date on which the Underlying Equities are first traded on the relevant Exchange such entitlement is on or prior to the Maturity Date and (iii) any interest, dividend or other distribution in respect of any Asset Amount will be payable to the party that would receive such interest, dividend or other distribution according to market practice for a sale of the relevant Underlying Equity

executed on the Delivery Date and to be delivered in the same manner as the Asset Amount. Any such interest, dividend or other distribution to be paid to a Noteholder shall be paid to the account specified in the relevant Asset Transfer Notice.

- (iii) If, in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets comprising the Asset Amount (the **Affected Relevant Assets**) due to illiquidity in the market for the Relevant Assets (a **Failure to Deliver**), then:
  - (A) subject as provided elsewhere in these Terms and Conditions and/or the applicable Final Terms, any Relevant Assets which are not Affected Relevant Assets, will be delivered pro rata on the originally designated Delivery Date in accordance with this Condition 8(c); and
  - (B) in respect of any Affected Relevant Assets, in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion, in lieu of delivery of the Affected Relevant Assets, to pay to the Noteholder the Failure to Deliver Settlement Price (as defined below) on the fifth Business Day following the date on which the Failure to Deliver Notice (as defined below) is given to the Noteholders in accordance with Condition 19. Payment of the Failure to Deliver Settlement Price will be made in such manner as shall be notified to the Noteholders in accordance with Condition 19. The Issuer shall give notice (such notice a **Failure to Deliver Notice**) as soon as reasonably practicable to the Noteholders in accordance with Condition 19 that the provisions of this Condition 8(c)(iii) apply.

(d) ***Definitions applicable to Equity Linked Notes***

<b>Additional Disruption Event</b>	means Hedging Disruption, Increased Cost of Hedging, or any other Additional Disruption Event, in each case if specified in the applicable Final Terms.
<b>Asset Transfer Notice</b>	means a duly completed asset transfer notice substantially in the form set out in the Agency Agreement.
<b>Asset Amount</b>	has the meaning given in the applicable Final Terms.
<b>Averaging Date</b>	means, in respect of each Valuation Date, each date specified or otherwise determined as provided in the applicable Final Terms provided that, if any Averaging Date is a Disrupted Day, then: <ul style="list-style-type: none"> <li>(i) if 'Omission' is specified in the applicable Final Terms, such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Reference Price. If no Averaging Date would occur with respect to the relevant Valuation Date, then for the purposes of determining the Reference Price on the final Averaging Date, such Averaging Date shall be deemed to be a Valuation Date;</li> <li>(ii) if 'Postponement' is specified in the applicable Final Terms, then such Averaging Date shall be deemed to be a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a date that already is or is deemed to be an Averaging Date for the Equity Linked Notes; or</li> <li>(iii) if 'Modified Postponement' is specified in the applicable Final Terms, then:</li> </ul>

- (A) where the Notes are specified in the applicable Final Terms to relate to a single Underlying Equity, the Averaging Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight (8) Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the eighth Scheduled Trading Day shall be deemed to be the Averaging Date, notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent shall, where practicable, determine the Reference Price in the manner set out in the applicable Final Terms or, if not set out or not so practicable, determine the Reference Price in accordance with its good faith estimate of the Reference Price as of the Valuation Time on that eighth Scheduled Trading Day; or
- (B) where the Notes are specified in the applicable Final Terms to relate to a Basket of Underlying Equities, the Averaging Date for each Underlying Equity not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Averaging Date for each Underlying Equity affected (each an **Affected Equity**) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Equity unless each of the eight (8) Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Equity. In that case, (i) the eighth Scheduled Trading Day shall be deemed to be the Averaging Date for the Affected Equity, notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent shall where practicable, determine the Reference Price in the manner set out in the applicable Final Terms or, if not set out or if not so practicable, determine the Reference Price in accordance with its good faith estimate of the Reference Price as of the Valuation Time on that eighth Scheduled Trading Day.

<b>Basket</b>	means a basket composed of the Underlying Equities specified in the applicable Final Terms in the relative proportions or numbers of Underlying Equities specified in the applicable Final Terms.
<b>Cut-off Date</b>	has the meaning given to it in the applicable Final Terms.
<b>De-Listing</b>	means, in respect of any relevant Underlying Equities, the Exchange announces that pursuant to the rules of such Exchange, such Underlying Equities 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).
<b>Delivery Expenses</b>	means all costs, taxes, duties and/or expenses, including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes arising from the delivery of the Asset Amount.
<b>Disruption Cash Settlement Price</b>	means an amount equal to the market value of the relevant Note (but not taking into account any interest accrued on such Note as such interest shall be paid pursuant to

Conditions 4 and 8) on such day as shall be selected by the Issuer in its sole and absolute discretion provided that such day is not more than 15 days before the date on which the Election Notice is given as provided above adjusted to take account fully for any losses, expenses and costs to the Issuer and/or any Affiliate of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any Relevant Asset or other instruments of any type whatsoever which the Issuer and/or any of its Affiliates may hold as part of such hedging arrangements), all as calculated by the Calculation Agent in its sole and absolute discretion.

<b>Disrupted Day</b>	means 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.
<b>Exchange</b>	means, in respect of an Underlying Equity, each exchange or quotation system specified as such for such Underlying Equity in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Underlying Equity has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Underlying Equity on such temporary substitute exchange or quotation system as on the original Exchange).
<b>Exchange Business Day</b>	means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.
<b>Equity Issuer</b>	means, in respect of an Underlying Equity, the issuer of such Underlying Equity.
<b>Failure to Deliver Settlement Price</b>	means, in respect of each nominal amount of the Notes equal to the lowest Specified Denomination, the fair market value of the Affected Relevant Assets on the fifth Business Day prior to the date on which the Failure to Deliver Notice is given as provided above, less the proportionate cost to the Issuer and/or its Affiliates of unwinding or adjusting any underlying or related hedging arrangements in respect of the Notes, all as calculated by the Calculation Agent in its sole and absolute discretion.
<b>Final Redemption Amount</b>	means the Final Redemption Amount specified in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an amount calculated by the Calculation Agent equal to: <ul style="list-style-type: none"> <li>(i) in the case of an Equity Linked Redemption Note in respect of which Call Option is specified as applicable in the applicable Final Terms (<b>Call Equity Linked Redemption Note</b>).</li> </ul>

$$\frac{\text{Reference Price}}{\text{Strike Price}} \times \text{Specified Denomination}; \text{ or}$$



- (ii) in the case of an Equity Linked Redemption Note in respect of which Put Option is specified as applicable in the applicable Final Terms (**Put Equity Linked Redemption Note**).

$$\frac{\text{Strike Price}}{\text{Reference Price}} \times \text{Specified Denomination},$$

provided always that the Final Redemption Amount shall in no event be less than zero. The Final Redemption Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the Specified Currency, 0.005 (or, in the case of Japanese Yen, half of one unit) being rounded upwards.

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

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

**Initial Price** means the price specified as such in the applicable Final Terms.

**Insolvency** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of, or any analogous proceeding affecting, an Equity Issuer (a) all the Underlying Equities of that Equity Issuer are required to be transferred to a trustee, liquidator or other similar official or (b) holders of the Underlying Equities of that Equity Issuer become legally prohibited from transferring them.

**Least Performer** means, with respect to an Exchange Business Day during the Observation Period, the Underlying Equity in respect of which the following formula yields, in the determination of the Calculation Agent, the smallest positive number or the largest negative number, on such Exchange Business Day:

(Reference Price of the Underlying Equity on the Exchange Business Day minus the Initial Price with respect to such Underlying Equity) divided by the Initial Price with respect to such Underlying Equity,

provided that if the above formula yields the same number with respect to two or more Underlying Equities the Calculation Agent shall determine the Least Performer.

**Market Disruption Event**

means, in respect of an Underlying Equity:

- (i) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time of:
  - (A) 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:
    - (x) relating to the Underlying Equity on the Exchange; or
    - (y) in futures or options contracts relating to the Underlying Equity on any relevant Related Exchange; or
  - (B) any event (other than as described in (i) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (x) to effect transactions, in or obtain market values for, the Underlying Equities on the Exchange or (y) to effect transactions in, or obtain market values for, futures or options contracts on or relating to the Underlying Equity on any relevant Related Exchange,

which in either case the Calculation Agent determines is material; or

- (ii) 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 such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or if earlier (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**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 Underlying Equities, any (i) reclassification or change of such Underlying Equities that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Equities outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of an Equity Issuer, with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Equity Issuer is the continuing entity and which does not result in a reclassification or change of all of such Underlying Equities outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Equities of the Equity Issuer that results in a transfer of or an irrevocable commitment to transfer all such Underlying Equities (other than such Underlying Equities owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Equity Issuer or its subsidiaries with or into another entity in

which the Equity Issuer is the continuing entity and which does not result in a reclassification or change of all such Underlying Equities outstanding but results in the outstanding Underlying Equities (other than Underlying Equities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Equities immediately following such event (a **Reverse Merger**), in each case if the Merger Date is on or before the Valuation Date or, if the Notes are to be redeemed by delivery of Underlying Equities, the Maturity Date.

- Multiplier** means the weight of each of the Underlying Equities comprising the Basket as specified in the applicable Final Terms.
- Nationalisation** means that all the Underlying Equities or all or substantially all the assets of an Equity Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.
- Observation Date(s)** means each date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless Disrupted Day is specified as applicable in the applicable Final Terms and, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day:
- (i) where the Notes are specified in the applicable Final Terms to relate to a single Underlying Equity, the Observation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight (8) Scheduled Trading Days immediately following the Scheduled Observation Date is a Disrupted Day. In that case, (i) the eighth Scheduled Trading Day shall be deemed to be the Observation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent, shall, where practicable, determine the Reference Price in the manner set out in the applicable Final Terms or, if not set out or not so practicable, determine the Reference Price in accordance with its good faith estimate of the Reference Price as of the Valuation Time on that eighth Scheduled Trading Day; or
  - (ii) where the Notes are specified in the applicable Final Terms to relate to a Basket of Underlying Equities, the Observation Date for each Underlying Equity not affected by the occurrence of a Disrupted Day shall be the Scheduled Observation Date, and the Observation Date for each Underlying Equity affected by the occurrence of a Disrupted Day (each an **Affected Equity**) shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Equity unless each of the eight (8) Scheduled Trading Days immediately following the Scheduled Observation Date is a Disrupted Day relating to the Affected Equity. In that case, (i) the eighth Scheduled Trading Day shall be deemed to be the Observation Date for the Affected Equity, notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent shall where practicable, determine the Reference Price in the manner set out in the applicable Final Terms or, if not set out or if not so practicable, determine the Reference Price in accordance with its good faith estimate of the Reference Price as of the Valuation Time on that eighth Scheduled Trading Day.
- Observation Period** means the period specified in the applicable Final Terms as being the Observation Period.

**Potential  
Adjustment Event**

means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Underlying Equities (unless resulting in a Merger Event), or a free distribution or dividend of any such Underlying Equities to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Underlying Equities of (i) such Underlying Equities or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of an Equity Issuer equally or proportionately with such payments to holders of such Underlying Equities, or (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Equity Issuer as a result of a spin-off or other similar transaction or (iv) 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;
- (iii) an extraordinary dividend as determined by the Calculation Agent;
- (iv) a call by an Equity Issuer in respect of relevant Underlying Equities that are not fully paid;
- (v) a repurchase by an Equity Issuer or any of its subsidiaries of relevant Underlying Equities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (vi) in respect of an Equity 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 such Equity 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; and
- (vii) any other event having, in the opinion of the Calculation Agent, a diluting, concentrative or other effect on the theoretical value of the relevant Underlying Equities.

**Reference Price**

means:

- (i) where the Notes are specified in the applicable Final Terms to relate to a single Underlying Equity, an amount equal to the official closing price on the relevant date (or the price at the Valuation Time on the relevant date, if a Valuation Time is specified in the applicable Final Terms) of the Underlying Equity quoted on the relevant Exchange as determined by or on behalf of the Calculation Agent (or if, in the opinion of the Calculation Agent, no such official closing price (or, as the case may be, price at the Valuation Time on the relevant date, if a Valuation Time is specified in the applicable Final Terms) can be determined at such time, unless Disrupted Day is specified as

applicable in the applicable Final Terms and the relevant date is a Disrupted Day, the Calculation Agent's good faith estimate of the value of the Underlying Equity as of the actual closing time of the Exchange on the relevant date (or the value of the Underlying Equity at the Valuation Time on the relevant date, if Valuation Time is specified in the applicable Final Terms)). The amount determined pursuant to the foregoing shall be converted, if Exchange Rate is specified as applicable in the applicable Final Terms, into the Specified Currency at the Exchange Rate and such converted amount shall be the Reference Price; and

- (ii) where the Notes are specified in the applicable Final Terms to relate to a Basket of Underlying Equities, an amount equal to the sum of the values calculated for each Underlying Equity as the official closing price (or the price at the Valuation Time on the relevant date, if a Valuation Time is specified in the applicable Final Terms) of the Underlying Equity quoted on the relevant Exchange as determined by or on behalf of the Calculation Agent (or if, in the opinion of the Calculation Agent, no such official closing price (or price at the Valuation Time on the relevant date, if a Valuation Time is specified in the applicable Final Terms) can be determined at such time, unless Disrupted Day is specified as applicable in the applicable Final Terms and the relevant date is a Disrupted Day the Calculation Agent's good faith estimate of the value of the Underlying Equity as of the actual closing time of the Exchange on the relevant date (or the value of the Underlying Equity at the Valuation Time on the relevant date, if Valuation Time is specified in the applicable Final Terms)), multiplied by the relevant Multiplier. Each amount determined pursuant to the foregoing shall be converted, if the Exchange Rate is specified as applicable in the applicable Final Terms, into the Specified Currency at the Exchange Rate and the sum of such converted amounts shall be the Reference Price.

<b>Related Exchange</b>	means, in relation to an Underlying Equity, each exchange or quotation system specified as such in relation to such Underlying Equity in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Underlying Equity has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Underlying Equity on such temporary substitute exchange or quotation system as on the original Related Exchange), Provided That where 'All Exchanges' is specified as the Related Exchange in the applicable Final Terms, 'Related Exchange' shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Underlying Equity.
<b>Relevant Assets</b>	means the assets specified as such in the applicable Final Terms.
<b>Scheduled Closing Time</b>	means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, 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.
<b>Scheduled Observation Date</b>	means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Observation Date.
<b>Scheduled Trading</b>	means any original date that, but for the occurrence of an event causing a Disrupted

<b>Day</b>	Day, would have been an Observation Date.
<b>Scheduled Valuation Date</b>	means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.
<b>Settlement Disruption Event</b>	means an event beyond the control of the Issuer (including but not limited to non-delivery of the Asset Amount by a counterparty to an agreement entered into by the Issuer to hedge the Notes) as a result of which, in the opinion of the Calculation Agent, delivery of the Asset Amount by or on behalf of the Issuer in accordance with these Terms and Conditions and/or the applicable Final Terms is not practicable.
<b>Strike Price</b>	means the price specified as such in the applicable Final Terms.
<b>Tender Offer</b>	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 ten (10) per cent. and less than 100 per cent. of the outstanding voting shares of the Equity 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.
<b>Trade Date</b>	means the date specified as such in the applicable Final Terms.
<b>Underlying Equity</b>	means the share(s) or other securities specified in the applicable Final Terms.
<b>Valuation Date</b>	<p>means each date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless Disrupted Day is specified as applicable in the applicable Final Terms and, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day:</p> <ul style="list-style-type: none"> <li>(i) where the Notes are specified in the applicable Final Terms to relate to a single Underlying Equity, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight (8) Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent shall, where practicable, determine the Reference Price in the manner set out in the applicable Final Terms or, if not set out or not so practicable, determine the Reference Price in accordance with its good faith estimate of the Reference Price as of the Valuation Time on that eighth Scheduled Trading Day; or</li> <li>(ii) where the Notes are specified in the applicable Final Terms to relate to a Basket of Underlying Equities, the Valuation Date for each Underlying Equity not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Underlying Equity affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day (each an <b>Affected Equity</b>) relating to the Affected Equity unless each of the eight (8) Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Equity. In that case, (i) the eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Equity, notwithstanding the fact that such day is a Disrupted</li> </ul>

Day and (ii) the Calculation Agent shall where practicable, determine the Reference Price in the manner set out in the applicable Final Terms or, if not set out or if not so practicable, determine the Reference Price in accordance with its good faith estimate of the Reference Price as of the Valuation Time on that eighth Scheduled Trading Day.

**Valuation Time** means the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant date in relation to each Underlying Equity to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

## **9. Fund Linked Notes**

### **(a) *Redemption of Fund Linked Redemption Notes***

Unless previously redeemed or purchased and cancelled, each nominal amount of Fund Linked Redemption Notes equal to the lowest Specified Denomination set out in the applicable Final Terms will be redeemed by the Issuer on the Maturity Date at the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms.

### **(b) *Potential Adjustment Events***

If Potential Adjustment Events are specified as applicable in the applicable Final Terms, then following the declaration by the Reference Fund of the terms of any 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 Fund Interest Units or amount of Fund Interest and, if so, the Issuer may:

- (i) require the Calculation Agent to (1) make the corresponding adjustment(s), if any, to any one or more of the Final Redemption Amount and/or Strike Price and/or the relevant number of units of the Reference Fund and/or any of the other terms of these Terms and Conditions and/or the Final Terms as the Calculation Agent in its sole and absolute discretion 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 or liquidity relative to the relevant Fund Interest Unit or amount of Fund Interest) and (ii) determine the effective date(s) of the adjustment(s); and (2) determine the effective date of that adjustment, or
- (ii) by giving notice to the Noteholders in accordance with Condition 19, redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Specified Denomination being redeemed at the Early Redemption Amount.

Upon making such adjustment pursuant to this Condition 9(b)(ii), the Calculation Agent shall give notice as soon as practicable to Noteholders in accordance with Condition 19, stating the adjustment to the Final Redemption Amount and/or Strike Price and/or the relevant number of units of the Reference Fund and/or any of the other terms of these Terms and Conditions and/or the Final Terms giving details of the Potential Adjustment Event.

(c) ***Adjustments in relation to an Extraordinary Event***

If Extraordinary Events are specified as applicable in the applicable Final Terms, then following the occurrence of such Extraordinary Event in respect of a Reference Fund (the **Affected Reference Fund**), the Calculation Agent shall either:

- (i) declare a Reallocation Event and determine the effective date of such Reallocation Event; or
- (ii) declare a Removal Event and determine the effective date of such Removal Event; or
- (iii) by giving notice to the Noteholders in accordance with Condition 19, redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Specified Denomination being redeemed at the Early Redemption Amount.

Upon making an adjustment pursuant to this Condition 9(c)(i) or (ii), the Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 19 stating the adjustment and giving brief details of the Extraordinary Event

(d) ***Adjustments in relation to a Fund Disruption Event***

As soon as reasonably practicable, following the occurrence of any Fund Disruption Event, the Calculation Agent shall, in its sole discretion, determine (as soon as practicable thereafter) the appropriate adjustment, if any, to be made to any of these Conditions in relation to the Notes to account for the effect of such event or otherwise necessary to preserve the economic equivalent of the rights of the Noteholders pursuant to the Notes immediately prior to such event, such adjustment to be effective as of the date determined by the Calculation Agent.

(e) ***Correction of Fund Interest Prices.***

In the event that (i) any price published by or on behalf of a Reference Fund with respect to any Fund Interest to which Reported Value Method is applicable and which is utilised for any calculation or determination made under a Fund Linked Note is subsequently corrected and the correction is published by the Reference Fund within one Settlement Cycle after the original publication, or (ii) a Reference Fund with respect to any Fund Interest to which Deemed Payout Method is applicable adjusts the Redemption Proceeds that would have been paid to a Hypothetical Investor redeeming the number of Fund Interest Units or amount of Fund Interest that is subject to valuation, and such adjustment would be reflected in either an additional payment to such Hypothetical Investor, or a claim for repayment of excess Redemption Proceeds made against such Hypothetical Investor, in each case no later than by the last day of the Cut-off Period starting on the Final Observation Date, then either party may notify the other party of that correction and 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 such Fund Linked Note to account for such correction.

(f) ***Definitions Applicable to Fund Linked Notes***

**Adviser** means, in respect of any Reference Fund, the resignation, termination, or replacement  
**Termination Event** of its Fund Adviser.

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



<b>Assets Under Management Trigger</b>	means the aggregate net asset value of assets managed by the Reference Fund's Fund Manager or Fund Adviser falls below EUR 200,000,000 (or such other amount as specified in the applicable Final Terms) or its equivalent in the Specified Currency.
<b>Averaging Date</b>	<p>means, in respect of each Valuation Date, each date specified or otherwise determined as provided in the applicable Final Terms (or, (i) in respect of any Fund Interest to which Reported Value Method is applicable, if such date is not a Fund Business Day, the next following Fund Business Day, and (ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, if such day is not a Currency Business Day, the next following Currency Business Day), provided that if any Averaging Date is a Fund Disrupted Day, then:</p> <ul style="list-style-type: none"> <li>(i) if 'Omission' is specified in the applicable Final Terms, such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Final Price. If no Averaging Date would occur with respect to the relevant Valuation Date, then for the purposes of determining the relevant price or amount on the final Averaging Date, such Averaging Date shall be deemed to be a Valuation Date;</li> <li>(ii) if 'Postponement' is specified in the applicable Final Terms, then such Averaging Date shall be deemed to be a Valuation Date that was a Fund Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a date that already is or is deemed to be an Averaging Date for the Fund Linked Notes; or</li> <li>(iii) if 'Modified Postponement' is specified in the applicable Final Terms, then: <ul style="list-style-type: none"> <li>(A) in respect of a single Fund Interest, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred prior to the last day of the Cut-off Period starting on the original date that, but for the occurrence of another Averaging Date or Fund Disrupted Day, would have been the final Averaging Date in respect of the relevant Scheduled Valuation Date, then (1) the last day of such Cut-off Period shall be deemed the Averaging Date (irrespective of whether such day is already an Averaging Date), and (2) the Calculation Agent shall determine the relevant price or amount for that Averaging Date shall determine its good faith estimate of the value for that Fund Interest as of the Valuation Time on that deemed Averaging Date;</li> <li>(B) in respect of a Basket of Fund Interests, the Averaging Date for each Fund Interest not affected by the occurrence of a Fund Disrupted Day shall be the date specified in the applicable Final Terms as an Averaging Date in respect of the relevant Valuation Date and the Averaging Date for any Fund Interest affected by the occurrence of a Fund Disrupted Day shall be the first succeeding Valid Date in relation to such Fund Interest. If the first succeeding Valid Date has not occurred prior to the last day of the Cut-off Period starting on the original date that, but for the occurrence of another Averaging Date or Fund Disrupted Day, would have been the final Averaging Date in respect of the relevant Scheduled Valuation Date, then (1) the last day of such Cut-off Period shall be deemed the Averaging Date (irrespective of whether such day is already an Averaging Date), and</li> </ul> </li> </ul>

(2) the Calculation Agent shall determine its good faith estimate of the value for that Fund Interest as of the Valuation Time on that deemed Averaging Date.

If any Averaging Dates in relation to a Valuation Date occurs after that Valuation Date as a result of the occurrence of a Fund Disrupted Day, then (i) the relevant Redemption Payment Date, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date.

<b>Basket</b>	means a basket composed of such Reference Funds specified in the applicable Final Terms in the relative proportions or number of Fund Interest Units of each Reference Fund specified in the applicable Final Terms.
<b>Benchmark Change</b>	means the material alteration of the stated benchmark of the Reference Fund specified in the applicable Final Terms.
<b>Breach or Termination of Trading Agreement</b>	means (i) the Reference Fund and/or the Fund Manager and/or the Fund Adviser fail to execute a Trading Agreement, if required by the Calculation Agent, or (ii) any breach, violation or termination by the Reference Fund and/or the Fund Manager and/or the Fund Adviser of the Trading Agreement.
<b>Cash Loan</b>	means a notional loan specified as such in the applicable Final Terms.
<b>Change in Law</b>	<p>means any actual or anticipated change in law or regulation or the administration or interpretation thereof (whether formal or informal) after the Trade Date or Issue Date, as the case may be, which:</p> <ul style="list-style-type: none"><li>(i) causes a Hypothetical Investor to incur a materially increased cost in performing its obligations in respect of the security issued by the Hypothetical Investor similar to the Notes; or</li><li>(ii) results in it becoming illegal for a Hypothetical Investor to hold, acquire or dispose of Fund Interests Units; or</li><li>(iii) results in it becoming illegal for the Reference Fund, Fund Manager and/or the Fund Adviser to rebate fees or to vary any other term of the Fund Documents by agreement with individual investors and/or the Hypothetical Investor.</li></ul>
<b>Change in Tax Law</b>	means any actual or anticipated change in tax law or regulation or the administration or interpretation thereof (whether formal or informal) after the Trade Date or Issue Date, as the case may be, which causes a Hypothetical Investor to incur a materially increased cost in performing its obligations in respect of a security issued by the Hypothetical Investor similar to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).
<b>Change in Treatment</b>	means any change in the legal, tax, accounting or regulatory treatment of the Reference Fund, its Fund Manager and/or the Fund Adviser that is reasonably likely to have an adverse impact on the value of such Fund Interests Units or on any investor therein.

<b>Currency Business Day</b>	means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre for the relevant currency or, in respect of euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) system is open shall be a Currency Business Day.
<b>Cut-off Period</b>	means, in respect of any date, the period specified as such the applicable Final Terms, or if no such period is specified, a period of one calendar year ending on the first anniversary of such date; provided that if a ‘Final Cut-off Date’ is specified in the applicable Final Terms, then any Cut-off Period that would otherwise end after such Final Cut-off Date shall end on such Final Cut-off Date.
<b>Deemed Payout Method</b>	means, in relation to any Fund Interest, a certain valuation method reflected in the operations of the Relevant Price, Final Price and other provisions herein, and which shall be applicable to such Fund Interest if so specified in the applicable Final Terms.
<b>Due Diligence Failure</b>	means that a Reference Fund fails to satisfy the requirements of the Calculation Agent’s initial and on-going due diligence process and other internal control procedures (as such procedures may be amended from time to time).
<b>Extraordinary Dividend</b>	means an amount per relevant Fund Interest Unit or other amount of Fund Interest so specified in the applicable Final Terms. If not so specified or determined in the Final Terms, the characterisation of a dividend or portion thereof as an Extraordinary Dividend shall be determined by the Calculation Agent acting in good faith.
<b>Extraordinary Event</b>	means, with respect to a Fund Linked Note, a Nationalisation, Insolvency and/or any applicable Extraordinary Fund Event, as the case may be, specified in the applicable Final Terms.
<b>Extraordinary Fund Event</b>	The Calculation Agent has the right but not the obligation to declare the occurrence (or waive) any one or more of the following event Fund Insolvency Event, Adviser Termination Event, Strategy Breach, Regulatory Action, Reporting Disruption, Change in Law/Tax, Modification of Fund Documents, Hedging Disruption, Increased Cost of Hedging, Change in Law, Change in Tax Law, NAV Disruption Event, Failure to Deliver Information, Regulatory Action, Legal Action, Change in Treatment, Due Diligence Failure, Breach or Termination of Trading Agreement, NAV Trigger Event, Key Person Event, Minimum Outstanding Amount of Notes, Benchmark Change, Organisational Change, Assets Under Management Trigger and/or any other event specified in the applicable Final Terms (each a <b>Reallocation Event</b> ) and shall not be liable to any person for losses resulting from any such declaration (or waiver), its timing or consequential removal, reallocation or termination. The Calculation Agent shall make all determinations, including decisions as to materiality, in its sole discretion..
<b>Failure to Deliver Information</b>	means any failure of the Reference Fund to deliver, or cause to be delivered, (A) information that such Reference Fund and/or the Fund Manager and/or the Fund Adviser has agreed to deliver or cause to be delivered to the Calculation Agent, or (B) information that has been previously delivered to the Calculation Agent in accordance with such Reference Fund’s or its authorised representative’s normal practice and that the Calculation Agent deems necessary for it to monitor such Reference Fund’s compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the Fund Interests Units.

<b>Final Observation Date</b>	means the date specified as such in the applicable Final Terms.
<b>Final Price</b>	<p>means, in respect of each Valuation Date, the price per related Fund Interest Unit determined by the Calculation Agent either as provided in the applicable Final Terms as of the Valuation Time on the Valuation Date or, if no means for determining the Final Price are so provided, pursuant to the following provisions:</p> <ul style="list-style-type: none"> <li>(i) in respect of any Fund Interest to which Reported Value Method is applicable, the Final Price shall be the Reported Fund Interest Value per related Fund Interest Unit determined as of the Valuation Date, subject to the applicable Reported Value Convention; provided that if the applicable Final Terms specifies that the Reported Value Method is subject to Calculation Agent Adjustment, the Calculation Agent shall (A) adjust the Reported Fund Interest Value to reflect, without duplication, the relevant portion per Fund Interest Unit of (x) such fees and costs as would be charged to the Hypothetical Investor pursuant to the Fund Documents, (y) such other fees as are specified as ‘Redemption Fees’ in the applicable Final Terms and (z) the Redemption Proceeds relating to such Fund Interest Unit, in each case in connection with a deemed redemption as of the Scheduled Redemption Valuation Date relating to such Valuation Date of all Fund Interest Units that are subject to valuation and (B) if the Calculation Agent determines that no adjustment that it could make under (A) will produce a commercially reasonable result, notify the parties that Deemed Payout Method shall apply; or</li> <li>(ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, the Final Price per related Fund Interest Unit in respect of a Valuation Date shall be an amount equal to the Redemption Proceeds relating to such Fund Interest Unit that would be received by the Hypothetical Investor in such Fund Interest, in connection with a redemption of all Fund Interest Units that are subject to valuation during the period from, and including, the Initial Observation Date to, and including, the Final Observation Date relating to such Valuation Date.</li> </ul>
<b>Following Redemption Valuation Date</b>	means that such Valuation Date or Averaging Date, as applicable, shall be postponed until the next following Scheduled Redemption Valuation Date, without prejudice to any further adjustments pursuant to the Fund Disrupted Day provisions, and the Reported Fund Interest Value shall be determined as of such Scheduled Redemption Valuation Date.
<b>Fund Administrator</b>	means any person specified as such in the applicable Final Terms or if no person is so specified, the fund administrator, adviser, trustee or similar person with the primary administrative responsibilities for such Reference Fund according to the Fund Documents.
<b>Fund Adviser</b>	means any person specified as such in the applicable Final Terms or if no person is so specified, any person appointed in the role of discretionary or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary adviser) for such Reference Fund.

**Fund Business Day** means a day on which the Reference Fund accepts subscription and redemption orders as specified in the Fund Documents.

**Fund Component** means a notional investment in the Reference Fund or Basket of Reference Funds specified as such in the applicable Final Terms.

**Fund Disrupted Day** means any day on which a Fund Disruption Event has occurred or is continuing. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the parties or other party, as the case may be, of the occurrence of a Fund Disrupted Day on any day that, but for the occurrence or continuance of a Fund Disrupted Day, would have been an Averaging Date, or a Valuation Date, as the case may be. Without limiting the obligation of the Calculation Agent to notify the parties as set forth in the preceding sentence, failure by the Calculation Agent to notify the parties of the occurrence of a Fund Disrupted Day shall not affect the validity of the occurrence and the effect of such Fund Disrupted Day on the Notes.

If any Valuation Date is a Fund Disrupted Day then:

- (i) where the Notes are specified in the applicable Final Terms to relate to a single Fund Interest, the Valuation Date shall be the next succeeding day that is not a Fund Disrupted Day, unless no day that is not a Fund Disrupted Day has occurred prior to the last day of the Cut-off Period starting on the Scheduled Valuation Date. In that case, (i) the last day of such Cut-off Period shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Fund Disrupted Day, and (ii) the Calculation Agent shall determine its good faith estimate of the value for that Fund Interest as of the Valuation Time on that deemed Valuation Date; and
- (ii) where the Notes are specified in the applicable Final Terms to relate to a Basket of Fund Interests, to the extent it relates to any Fund Interest to which Reported Value Method or Deemed Payout Method is applicable, the Valuation Date for each Fund Interest not affected by the occurrence of a Fund Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Fund Interest affected by the occurrence of a Fund Disrupted Day shall be the first succeeding day that is not a Fund Disrupted Day relating to that Fund Interest, unless no day that is not a Fund Disrupted Day has occurred prior to the last day of the Cut-off Period starting on the Scheduled Valuation Date. In that case, (i) the last day of such Cut-off Period shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Fund Disrupted Day, and (ii) the Calculation Agent shall determine its good faith estimate of the value for that Fund Interest as of the Valuation Time on that deemed Valuation Date.

**Fund Disruption Event** means, unless otherwise specified in the applicable Final Terms, in respect of any Fund Interest (a) to which Reported Value Method is applicable, the occurrence or existence of a Fund Valuation Disruption and (b) to which Deemed Payout Method is applicable, a Fund Settlement Disruption, in each case as determined by the Calculation Agent as of the Valuation Time on the relevant Valuation Date, Averaging Date and at such other relevant dates and times as specified in the applicable Final Terms.

<b>Fund Documents</b>	means, with respect to any Fund Interest, the constitutive and governing documents, subscription agreements and other agreements of the related Reference Fund specifying the terms and conditions relating to such Fund Interest and any additional fund documents, in each case, as amended from time to time.
<b>Fund Hedging Disruption</b>	means, with respect to a Fund Linked Note, that the Hedging Party is unable, or it is impractical for the Hedging Party, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to such Fund Interest of entering into and performing its obligations with respect to such Fund Linked Note, or (ii) realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (A) any restrictions or increase in charges or fees imposed by the relevant Reference Fund on any investor's ability to redeem such Fund Interest, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Fund Interest, or (B) any mandatory redemption, in whole or in part, of such Fund Interest imposed by the relevant Reference Fund (in each case other than any restriction in existence on the date on which such Fund Interest was first included in such Fund Linked Note).
<b>Fund Insolvency Event</b>	means, at any time, the winding-up, dissolution, liquidation, bankruptcy, insolvency, creditors' arrangement or any cessation of trading (or an event with analogous effect) of the Reference Fund or a Fund Service Provider unless the affected Fund Service Provider is replaced with a successor acceptable to the Calculation Agent.
<b>Fund Interest</b>	means an interest issued to or held by an investor in a fund, pooled investment vehicle or any other interest identified as such in the applicable Final Terms.
<b>Fund Interest Unit</b>	means, in respect of a Fund Interest in a Reference Fund, a share of such Fund Interest or, if Fund Interests in such Reference Fund are not denominated as shares, a notional unit of account of ownership of such Fund Interest in such Reference Fund in the amount specified in the applicable Final Terms; provided that if no such amount is so specified, then the entire amount of Fund Interest in which the Hypothetical Investor is deemed to invest on the Trade Date shall be a single Fund Interest Unit.
<b>Fund Manager</b>	means any person specified as such in the applicable Final Terms or if no person is so specified, any person appointed in the role of discretionary or non-discretionary investment manager (including a non-discretionary investment manager to a discretionary investment manager or to another non-discretionary adviser) for such Reference Fund.
<b>Fund Reporting Date</b>	means, with respect to any Fund Interest and Fund Valuation Date, the date on which the Reported Fund Interest Value of such Fund Interest as determined as of such Fund Valuation Date is reported or published.
<b>Fund Service Provider</b>	means, in respect of any Reference Fund, any person who is appointed to provide services, directly or indirectly, for that Reference Fund, whether or not specified in the Fund Documents, including any Fund Adviser, Fund Administrator, Fund Manager, operator, management company, depository, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent, domiciliary agent and any other person specified as such in the applicable Final Terms.

<b>Fund Settlement Disruption</b>	means, in respect of a Fund Interest and any day, a failure by the Reference Fund to pay the full amount (whether expressed as a percentage or otherwise) of the Redemption Proceeds with respect to the relevant number of Fund Interest Units or amount of such Fund Interest scheduled to have been paid on or by such day according to the Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interests).
<b>Fund Valuation Date</b>	means, with respect to any Fund Interest, a date as of which the related Reference Fund (or its a Fund Service Provider that generally determines such value) determines the value of such Fund Interest or, if the related Reference Fund only reports its aggregate Net Asset Value, a date as of which such Reference Fund determines its aggregate Net Asset Value.
<b>Fund Valuation Disruption</b>	means, (a) in respect of a Fund Interest to be valued using the Reported Value Method for which the applicable Reported Value Convention is either Prior Redemption Valuation Date or Following Redemption Valuation Date, the failure of a Scheduled Redemption Valuation Date to be a Redemption Valuation Date or any continued postponement of such Redemption Valuation Date, and (b) for any other Fund Interest, the failure of a Scheduled Fund Valuation Date to be a Fund Valuation Date or any continued postponement of such Fund Valuation Date.
<b>Hedging Disruption</b>	means, <ul style="list-style-type: none"> <li>(i) Any event or circumstance that results or is likely to result in a Hypothetical Investor being unable, or it being impractical, to purchase, redeem for cash, hold or transfer Fund Interest Units, including but not limited to the suspension by the Reference Fund of Fund Interest Units subscriptions or redemptions and compulsory redemptions;</li> <li>(ii) a Hypothetical Investor is subject to new or more onerous restrictions on its ability to subscribe for, transfer or redeem, Fund Interest Units (including but not limited to the imposition of, or increase in, fees or charges in relation to redemptions, subscriptions or transfers of Fund Interest Units) or a change in the voting rights attached to the Fund Interest Units, in each case as compared with those (if any) applicable to the Hypothetical Investor on the Issue Date;</li> <li>(iii) a Hypothetical Investor is prevented, due to circumstances beyond its control, from remitting (i) subscription monies and/or redemption proceeds in respect of the Fund Interest Units; or (ii) any payments relating to any over-the-counter derivative transaction(s) linked to the Fund Interest Units;</li> </ul>
<b>Hedging Party</b>	means the party specified as such in the applicable Final Terms.
<b>Hypothetical Investor</b>	means, unless otherwise specified in the applicable Final Terms, with respect to any Fund Interest, a hypothetical investor in such Fund Interest located in a Hypothetical Investor Jurisdiction and deemed: (a) to have the benefits and obligations, as provided under the Fund Documents, of an investor holding, as of the related Reference Fund Subscription Date, an interest in the relevant Reference Fund in an amount equal to the number of Fund Interest Units; (b) in the case of any deemed investment in such Fund Interest, to have submitted, on the relevant Subscription Notice Date, a duly completed notice to the relevant Reference Fund, requesting subscription to the

relevant number of Fund Interest Units; and (c) in the case of any deemed redemption of such Fund Interest, to have submitted to the relevant Reference Fund on the relevant Redemption Notice Date a duly completed notice requesting redemption of the relevant number of Fund Interest Units.

<b>Hypothetical Investor Jurisdiction</b>	means the jurisdiction of organisation or formation, as applicable, of the Issuer, unless otherwise specified in the applicable Final Terms.
<b>Increased Cost of Hedging</b>	<p>means a Hypothetical Investor would incur</p> <ul style="list-style-type: none"> <li>(i) a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to any Fund Interest Unit as a result of entering into and performing its obligations with respect to the issue of a security similar to the Notes, and any Notes associated with unwinding any hedge positions relating to a security similar to the Notes; and</li> <li>(ii) an increase in charges or fees is imposed by the Reference Fund on any investor's ability to redeem Fund Interest Units, in whole or in part, or any existing or new investor's ability to make new or additional investments in the Fund Interest Units.</li> </ul>
<b>Initial Observation Date</b>	means the date specified as such in the applicable Final Terms.
<b>Insolvency</b>	means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Reference Fund, (i) all the Fund Interests of that Reference Fund are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Fund Interests of that Reference Fund become legally prohibited from transferring or redeeming them.
<b>Key Person Event</b>	means the resignation, termination, death or replacement of any key person specified in the applicable Final Terms.
<b>Legal Action</b>	means any legal action, suit or proceeding has been taken or brought, or is threatened or pending, against the Reference Fund or any of its Fund Service Providers which, if resolved against the Reference Fund or Fund Service Provider has, or would have, a material adverse effect on the reputation of the Reference Fund and/or the price of its Fund Interest Units.
<b>Minimum Outstanding Amount of Notes</b>	means the aggregate nominal amount of the Notes minus the nominal amount of the Notes repurchased and/or cancelled by the Issuer at any time is less than USD 200,000 (or such other amount as specified in the applicable Final Terms) or its equivalent in the Specified Currency.
<b>Modification of Fund Documents</b>	means any material change to or modification of the Fund Documents or investment procedures (including but not limited to, the Reference Fund's (i) strategy; (ii) investment guidelines; (iii) liquidity, where such a change in liquidity results in an increase in volatility; (iv) types of investments in which the Reference Fund invests,



their liquidity, term, credit risk and diversification; (v) accounting currency), in each case as compared with those prevailing on the Issue Date.

<b>Nationalisation</b>	means that all the Fund Interests or all or substantially all the assets of a Reference Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.
<b>NAV or Net Asset Value</b>	means the net asset value of the Fund Interest Unit as calculated by the Fund Administrator or the Reference Fund in accordance with the Fund Documents.
<b>NAV Disruption Event</b>	means the Fund Administrator or the Reference Fund fails, for any reason other than of a technical or operational nature, to calculate and announce the official NAV within the number of days specified in the applicable Final Terms, of the date on which such NAV was originally scheduled to be announced or the occurrence of any other event affecting the Fund Interest Units that, in the determination of the Calculation Agent, would make it impossible or impracticable for it to determine the value of such Fund Interest Units for any reason other than of a technical or operational nature;
<b>NAV Trigger Event</b>	means, the official Net Asset Value of the Fund Interest Units has decreased by an amount equal to or greater than the percentage amount specified in the applicable Final Terms during the period specified in the applicable Final Terms.
<b>Organisational Change</b>	means a change to the Reference Fund's organisation or its management whether or not via merger or other reorganisation event.
<b>Potential Adjustment Event</b>	means any of the following: <ul style="list-style-type: none"> <li>(i) a subdivision, consolidation or reclassification of the relevant number of Fund Interest Units or amount of Fund Interest, or a free distribution or dividend of any such Fund Interest to existing holders by way of bonus, capitalization or similar issue;</li> <li>(ii) a distribution, issue or dividend to existing holders of the relevant Fund Interest of (A) an additional amount of such Fund Interest, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Reference Fund equally or proportionately with such payments to holders of such Fund Interest, or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Reference Fund 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;</li> <li>(iii) an Extraordinary Dividend;</li> <li>(iv) a repurchase by the Reference Fund of relevant Fund Interests whether the consideration for such repurchase is cash, securities or otherwise, other than in respect of a redemption of Fund Interests initiated by an investor in such Fund Interests that is consistent with the Fund Documents; or</li> </ul>

- (v) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Fund Interest Units or amount of Fund Interest.

<b>Prior Redemption Valuation Date</b>	means that the Reported Fund Interest Value shall be determined as of the immediately preceding Scheduled Redemption Valuation Date, subject to the Fund Disrupted Day provisions.
<b>Reallocation Event</b>	means upon the declaration of the Calculation Agent of an Extraordinary Event in (each a <b>Reallocation Event</b> ) in respect of a Reference Fund (the <b>Affected Reference Fund</b> ) the Calculation Agent, shall notionally liquidate all Fund Interest Units in the Reference Fund and use reasonable efforts to identify an alternative fund or basket of funds in substitution for the Affected Reference Fund (the <b>Successor Reference Fund</b> ) and on the Redemption Payment Date, or as soon as practicable thereafter, the Calculation Agent shall, if a Successor Reference Fund has been identified, notionally invest the Removal Value in such Successor Reference Fund.
<b>Redemption Notice Date</b>	means, with respect to any Fund Interest and any Valuation Date or Averaging Date, the date specified as such, in the applicable Final Terms, or if no such date is specified, the last date on which a Hypothetical Investor in such Fund Interest would be permitted, pursuant to the Fund Documents of the related Reference Fund, to submit a redemption notice that would be timely for a redemption as of (i) if Reported Value Method is applicable, the Scheduled Redemption Valuation Date occurring on such Valuation Date or Averaging Date, as the case may be, or if no Scheduled Redemption Valuation Date is occurring on such Valuation Date or Averaging Date, the immediately preceding Scheduled Redemption Valuation Date, or (ii) if Deemed Payout Method is applicable, the Scheduled Redemption Valuation Date for which the Scheduled Redemption Payment Date falls on or immediately prior to such Valuation Date or Averaging Date.
<b>Redemption Payment Date</b>	means, with respect to any Fund Interest and any Scheduled Redemption Valuation Date, each date on which the related Reference Fund actually pays all or the specified portion of the Redemption Proceeds to a Hypothetical Investor that has submitted a timely and valid notice for redemption of such Fund Interest as of such Scheduled Redemption Valuation Date.
<b>Redemption Proceeds</b>	means, with respect to the relevant number of Fund Interest Units or amount of any Fund Interest, the redemption proceeds, as determined by the Calculation Agent, that would be paid by the related Reference Fund to a Hypothetical Investor who, as of the relevant Redemption Valuation Date, redeems such amount of such Fund Interest; provided that (a) any such proceeds that would be paid in property other than cash shall be valued by the Calculation Agent and (b) if the Hypothetical Investor would be entitled to elect payment of such redemption proceeds to be made either in the form of cash or other property, the Hypothetical Investor shall be deemed to have elected cash payment, except as otherwise specified in the applicable Final Terms.
<b>Redemption Valuation Date</b>	means, with respect to any Fund Interest and any Scheduled Redemption Valuation Date, the date as of which the related Reference Fund (or its Fund Service Provider that generally determines such value) would determine the Net Asset Value of such Fund Interest for purposes of calculating the Redemption Proceeds to be paid to a Hypothetical Investor that had submitted a valid notice for redemption on or before the related Redemption Notice Date.

<b>Reference Fund</b>	means, in respect of a Fund Interest, unless otherwise specified in the applicable Final Terms, the issuer of, or other legal arrangement giving rise to, the relevant Fund Interest.
<b>Reference Fund Subscription Date</b>	means the date specified as such in the applicable Final Terms or, if no such date is specified, with respect to any Fund Interest, the day as of which a request by a Hypothetical Investor for subscription to such Fund Interest that has been submitted on the related Subscription Notice Date and in a form and substance acceptable to the related Reference Fund would be considered effective by the Fund.
<b>Regulatory Action</b>	means: <ul style="list-style-type: none"> <li>(i) An investigation is made by any governmental or regulatory entity into the activities of the Reference Fund or any Fund Service Provider for reasons of alleged wrongdoing, breach of rule or regulation or other similar reason which allegation, if true, would have a material adverse effect on the reputation of the Reference Fund and/or its share price; or</li> <li>(ii) the cancellation, suspension or revocation of any licence, registration, authorisation or regulatory approval of the Reference Fund or any Fund Service Provider where such licence, registration or approval is material to the ability of the Reference Fund or Fund Service Provider to operate in accordance with the Fund Documents.</li> </ul>
<b>Relevant Price</b>	means, on any day, in respect of a Fund Interest, the price per related Fund Interest Unit as determined by the Calculation Agent either as provided in the applicable Final Term as of the Valuation Time on the Valuation Date or Averaging Date, as the case may be, or either: <ul style="list-style-type: none"> <li>(i) in respect of any Fund Interest to which the Reported Value Method is applicable, the Relevant Price shall be the Reported Fund Interest Value per related Fund Interest Unit determined as of the Valuation Date or Averaging Date, as the case may be, subject to the applicable Reported Value Convention; provided that if the applicable Final Terms provides that the Reported Value Method is subject to Calculation Agent Adjustment, the Calculation Agent shall: (i) adjust the Reported Fund Interest Value to reflect, without duplication, the relevant portion per Fund Interest Unit of: (A) such fees and costs as would be charged to the Hypothetical Investor pursuant to the Fund Documents, (B) such other fees as are specified as 'Redemption Fees' in the applicable Final Terms, and (C) the Redemption Proceeds relating to such Fund Interest Unit, in each case in connection with a deemed redemption as of the Scheduled Redemption Valuation Date relating to such Valuation Date or Averaging Date, as the case may be, of all Fund Interest Units that are subject to valuation; and (ii) if the Calculation Agent determines that no adjustment that it could make under (i) will produce a commercially reasonable result, notify the parties that Deemed Payout Method shall apply; and</li> <li>(ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, the Relevant Price per related Fund Interest Unit in respect of a Valuation Date or Averaging Date, as the case may be, shall be an amount equal to the Redemption Proceeds relating to such Fund Interest Unit that would be received by the Hypothetical Investor in the such Fund Interest in</li> </ul>

connection with a redemption of all Fund Interest Units that are subject to valuation during the period from, and including, the Initial Observation Date to, and including, the Final Observation Date relating to such Valuation Date or Averaging Date, as the case may be.

<b>Removal Event</b>	shall be declared by the Calculation Agent if, following a Reallocation Event relating to the Reference Fund, it is unable to identify a Successor Fund by the Removal End Date. On the Removal End Date the Calculation Agent will allocate the Removal Value to a notional zero coupon bond or such other instrument(s) specified in the applicable Final Terms, for the remainder of the term of the Notes.
<b>Removal End Date</b>	means the date on which Redemption Proceeds are paid to a Hypothetical Investor.
<b>Removal Value</b>	means the Redemption Proceeds minus (i) all expenses and costs incurred by a Hypothetical Investor in connection with (a) redemption of Fund Interest Units in the Affected Fund; (b) subscription for Fund Interest Units in the Successor Reference Fund.(ii) a spread and cost of funding.
<b>Reported Fund Interest Value</b>	means, with respect to the relevant number of Fund Interest Units or amount of any Fund Interest and Fund Reporting Date relating to such Fund Interest, the value of such number of Fund Interest Units or amount of such Fund Interest as of the related Fund Valuation Date or, if the related Reference Fund reports only its aggregate Net Asset Value, the portion of such Reference Fund's aggregate Net Asset Value relating to such number of Fund Interest Units or amount of such Fund Interest as of the related Fund Valuation Date, in each case as reported on such Fund Reporting Date by the Fund Service Provider that generally reports such value on behalf of the Reference Fund to its investors or a publishing service.
<b>Reported Value Convention</b>	<p>means the method for determining the Reported Fund Interest Value with respect to any Fund Interest as of any Valuation Date or Averaging Date that is not a Scheduled Fund Valuation Date or Scheduled Redemption Valuation Date, as applicable. The following terms, when used to specify the Reported Value Convention, shall result in the Reported Fund Interest Value to be determined as follows:</p> <ul style="list-style-type: none"> <li>(i) if 'Prior Redemption Valuation Date' is specified, or if no other Reported Value Convention is specified, the Reported Fund Interest Value shall be determined as of the immediately preceding Scheduled Redemption Valuation Date;</li> <li>(ii) if 'Prior Fund Valuation Date' is specified, the Reported Fund Interest Value shall be determined as of the immediately preceding Scheduled Fund Valuation Date;</li> <li>(iii) if 'Last Reported Value' is specified, the Reported Fund Interest Value shall be the most recently available Reported Fund Interest Value for the relevant number of Fund Interest Units or amount of the relevant Fund Interest;</li> <li>(iv) if 'Following Fund Valuation Date' is specified, then such Valuation Date or Averaging Date, as applicable, shall be postponed until the next following Scheduled Fund Valuation Date and the Reported Fund Interest Value shall be determined as of such Scheduled Fund Valuation Date; and</li> <li>(v) if 'Following Redemption Valuation Date' is specified, then such Valuation Date or Averaging Date, as applicable, shall be postponed until the next</li> </ul>

following Scheduled Redemption Valuation Date and the Reported Fund Interest Value shall be determined as of such Scheduled Redemption Valuation Date,

subject to adjustment in each case if any such Valuation Date is a Fund Disrupted Day.

**Reported Value Method**

means, in relation to any Fund Interest, a certain valuation method reflected in the operations of the Relevant Price, Final Price and other provisions herein, and which shall be applicable to such Fund Interest if so specified in the applicable Final Terms.

**Reporting Disruption**

means, in respect of any Fund Interest, (i) occurrence of any event affecting such Fund Interest that, in the determination of the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the value of such Fund Interest, and such event continues for at least the time period specified in the applicable Final Terms or, if no such time period is specified, the foreseeable future; (ii) any failure of the related Reference Fund to deliver, or cause to be delivered, (A) information that such Reference Fund has agreed to deliver, or cause to be delivered to the Calculation Agent, or (B) information that has been previously delivered to the Calculation Agent, in accordance with such Reference Fund's, or its authorised representative's, normal practice and that the Calculation Agent deems necessary to monitor such Reference Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to such Fund Interests.

**Scheduled Fund Valuation Date**

means, with respect to any Fund Interest, a date as of which the related Reference Fund (or its Fund Service Provider that generally determines such value) is scheduled, according to its Funds Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interests), to determine the value of such Fund Interest or, if the related Reference Fund only reports its aggregate Net Asset Value, the date as of which such Reference Fund is scheduled to determine aggregate Net Asset Value.

**Scheduled Redemption Payment Date**

means the date specified as such in the applicable Final Terms or if no date is so specified, with respect to any Fund Interest and any Scheduled Redemption Valuation Date, the date by which the related Reference Fund is scheduled to have paid, according to its Fund Documents, all or a specified portion of the Redemption Proceeds to a Hypothetical Investor that has submitted a timely and valid notice requesting redemption of such Fund Interest as of such Scheduled Redemption Valuation Date.

**Scheduled Redemption Valuation Date**

means, with respect to any Fund Interest, the date as of which the related Reference Fund (or its Fund Service Provider that generally determines such value) is scheduled, according to its Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interests), to determine the Net Asset Value of such Fund Interest for purposes of calculating the redemption proceeds to be paid to an investor that has submitted a valid and timely notice for redemption of Fund Interests based on the value determined as of such date. The Scheduled Redemption Valuation Date relating to any Valuation Date or Averaging Date, as the case may be, shall be the date specified as such in the applicable Final Terms, or if no such date is specified, the Scheduled Redemption Valuation Date occurring (i) if Reported Value Method is applicable, on such Valuation Date or Averaging Date, as the case may be, or if no Scheduled Redemption Valuation Date is occurring on such Valuation Date or Averaging Date, the immediately preceding Scheduled Redemption Valuation Date,

or (ii) if Deemed Payout Method is applicable, the Scheduled Redemption Valuation Date for which the Scheduled Redemption Payment Date falls on or immediately prior to such Valuation Date or Averaging Date.

<b>Scheduled Valuation Date</b>	means any original date that, but for the occurrence of an event causing a Fund Disrupted Day, would have been a Valuation Date.
<b>Settlement Cycle</b>	means the period specified as such in the applicable Final Terms, or, if no period is so specified, (i) in respect of any Fund Interest to which Reported Value Method is applicable, the period of Currency Business Days from, and including, any Scheduled Redemption Valuation Date to, and including, the related Scheduled Redemption Payment Date, and (ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, two (2) Currency Business Days.
<b>Strategy Breach</b>	means any actual or anticipated material breach or violation of any strategy or investment guidelines stated in the Fund Documents including but not limited to breach any applicable leverage restriction.
<b>Subscription Notice Date</b>	means, with respect to any Fund Interest and any Reference Fund Subscription Date, the date specified as such in the applicable Final Terms or, if no such date is specified, the last date on which a notice to subscribe to such Fund Interest may be submitted pursuant to the Fund Documents of the related Reference Fund and be considered effective as of such Reference Fund Subscription Date. If the applicable Final Terms does not specify a Subscription Notice Date or a Reference Fund Subscription Date, the Subscription Notice Date shall be deemed to be the Trade Date.
<b>Trading Agreement</b>	means a trading agreement entered into between the Reference Fund, the Calculation Agent and the Fund Manager and/or Fund Adviser.
<b>Valid Date</b>	means: <ul style="list-style-type: none"><li>(i) in respect of Fund Interests to which Reported Value Method is applicable, a Fund Business Day; and</li><li>(ii) in respect of Fund Interests to which Deemed Payout Method is applicable, a Currency Business Day, in each case that is not a Fund Disrupted Day and on which another Averaging Date in respect of the relevant Valuation Date does not or is not deemed to occur.</li></ul>
<b>Valuation Date</b>	means: <ul style="list-style-type: none"><li>(i) in respect of any Fund Interest to which Reported Value Method is applicable, each date specified as such or otherwise determined as provided in the applicable Final Terms (or, if such date is not a Fund Business Day, the next following Fund Business Day); and</li><li>(ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, each date specified as such or otherwise determined as provided in the applicable Final Terms (or, if such date is not a Currency Business Day, the next following Currency Business Day).</li></ul>

**Valuation Time** means, in respect of a Fund Interest, the time specified as such in the applicable Final Terms or, if no such time is specified, (a) in respect of a Fund Interest to which Reported Value Method is applicable, the time as of which the Reported Fund Interest Value is determined, and (b) in respect of a Fund Interest to which Deemed Payout Method is applicable, the close of business in the Hypothetical Investor Jurisdiction on the relevant date.

## **10. Credit Linked Notes**

### **(a) Redemption of Credit Linked Notes**

Unless previously redeemed or purchased and cancelled and subject as provided in this Condition 10 each nominal amount of Credit Linked Notes equal to the lowest Specified Denomination set out in the applicable Final Terms will be redeemed by the Issuer on the Maturity Date by payment of the Credit Event Redemption Amount.

### **(b) Cash Settlement**

If Cash Settlement is specified in the applicable Final Terms and the Conditions to Settlement are satisfied during the Notice Delivery Period (such date of satisfaction, the **Credit Event Determination Date**), the Issuer shall give notice (such notice a **Settlement Notice**) to the Noteholders in accordance with Condition 19 and redeem all but not some only of the Notes, each nominal amount of Credit Linked Notes equal to the lowest Specified Denomination being redeemed by the Issuer by payment of the Credit Event Redemption Amount on the Credit Event Redemption Date.

*If Conditions to Settlement are satisfied and the Notes become redeemable in accordance with this Condition 10(b), upon payment of the Credit Event Redemption Amount in respect of the Notes the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the principal amount of a Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.*

### **(c) Physical Settlement**

If Physical Delivery is specified in the applicable Final Terms and the Conditions to Settlement are satisfied during the Notice Delivery Period (such date of satisfaction, the **Credit Event Determination Date**), the Issuer shall give notice (such notice a **Notice of Physical Settlement**) to the Noteholders in accordance with Condition 19 and redeem all but not some only of the Notes, each nominal amount of Credit Linked Notes equal to the lowest Specified Denomination being redeemed by the Issuer by Delivery of the Deliverable Obligations comprising the Asset Amount, subject to and in accordance with Conditions 10(g) and (h).

In the Notice of Physical Settlement the Issuer shall specify the Deliverable Obligations comprising the Asset Amount that it reasonably expects to Deliver. For the avoidance of doubt, the Issuer shall be entitled to select any of the Deliverable Obligations to constitute the Asset Amount, irrespective of their market value.

If 'Restructuring Maturity Limitation and Fully Transferable Obligation' is specified as applicable in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be included in the Asset Amount only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date.

If 'Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable' is specified as applicable in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be included in the Asset Amount only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

***If Conditions to Settlement are satisfied and the Notes become redeemable in accordance with this Condition 10(c), upon Delivery of the Deliverable Obligations Deliverable and/or payment of the Cash Settlement Amount, as the case may be, the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The value of such Deliverable Obligations and/or the Cash Settlement Amount may be less than the principal amount of a Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.***

(d) ***Repudiation/Moratorium Extension***

Where Repudiation/Moratorium is specified as a Credit Event in the applicable Final Terms, the provisions of this Condition 10(d) shall apply.

Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Maturity Date but the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Scheduled Maturity Date or, if Condition 10(f)(ii) applies, the Postponed Maturity Date (as defined below) and the Repudiation/Moratorium Evaluation Date in respect of such Potential Repudiation Moratorium will, in the sole determination of the Calculation Agent, fall after the Scheduled Maturity Date, then the Calculation Agent shall notify the Noteholders in accordance with Condition 19 that a Potential Repudiation/Moratorium has occurred and:

- (i) where a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date:
  - (A) each nominal amount of Credit Linked Notes equal to the lowest Specified Denomination will be redeemed by the Issuer by payment of the Credit Event Redemption Amount on the second Business Day following the Repudiation/Moratorium Evaluation Date; and
  - (B) in the case of interest bearing Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date (or if none, the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the second Business Day following the Repudiation/Moratorium Evaluation Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or
- (ii) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date and Conditions to Settlement are satisfied in the Notice Delivery Period the provisions of Condition 10(b) or Condition 10(c) as applicable shall apply to the Notes.

(e) ***Grace Period Extension***

If 'Grace Period Extension' is specified as applicable in the applicable Final Terms, the provisions of this Condition 10(e) shall apply:



Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Maturity Date but a Potential Failure to Pay has occurred with respect to one or more Obligation(s) in respect of which a Grace Period is applicable on or prior to the Scheduled Maturity Date (and such Grace Period(s) is/are continuing as at the Scheduled Maturity Date), then:

- (i) where a Failure to Pay has not occurred on or prior to the Grace Period Extension Date:
  - (A) each nominal amount of Credit Linked Notes equal to the lowest Specified Denomination will be redeemed by the Issuer by payment of the Credit Event Redemption Amount on the Grace Period Extension Date; and
  - (B) in the case of interest bearing Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date (or if none the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the Grace Period Extension Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or
- (ii) where a Failure to Pay has occurred on or prior to the Grace Period Extension Date and Conditions to Settlement are satisfied in the Notice Delivery Period the provisions of Condition 10(b) or Condition 10(c) as applicable shall apply to the Notes.

(f) ***Maturity Date Extension***

If:

- (i) on (A) the Scheduled Maturity Date or, (B) if applicable, the Repudiation/Moratorium Evaluation Date, or (C) if Grace Period Extension is specified as applicable in the applicable Final Terms, the Grace Period Extension Date, as the case may be, Conditions to Settlement have not been satisfied but, in the opinion of the Calculation Agent, a Credit Event may have occurred; or
- (ii) on the Scheduled Maturity Date, in the opinion of the Calculation Agent a Potential Repudiation/Moratorium may have occurred,

the Calculation Agent may notify the Noteholders in accordance with Condition 19 that the Scheduled Maturity Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date, as the case maybe, has been postponed to a date (such date the **Postponed Maturity Date**) specified in such notice falling 15 calendar days after the Scheduled Maturity Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date, as the case may be, and

where:

- (A) in the case of 10(f)(i) Conditions to Settlement are not satisfied on or prior to the Postponed Maturity Date, or, in the case of 10(f)(ii), the Repudiation/Moratorium Extension Condition is not satisfied on or prior to the Postponed Maturity Date:
  - (1) subject as provided below each nominal amount of Credit-Linked Notes equal to the lowest Specified Denomination will be redeemed by the Issuer by payment of the Credit Event Redemption Amount on the Postponed Maturity Date; and

- (2) in the case of interest bearing Notes, the Issuer shall be obliged to pay interest calculated as provided herein accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date (or if none the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the Postponed Maturity Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or

(iii) where:

- (1) in the case of 10(f)(i) Conditions to Settlement are satisfied on or prior to the Postponed Maturity Date, the provisions of Condition 10(b) or 10(c) as applicable shall apply to the Notes; or
- (2) in the case of 10(f)(ii) the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Maturity Date, the provisions of Condition 10(d) shall apply to the Notes.

(g) ***Physical Delivery***

- (i) If any Credit Linked Note is to be redeemed by Delivery of the Deliverable Obligations comprising the Asset Amount, in order to obtain Delivery of the Deliverable Obligations comprising the Asset Amount(s) in respect of any Note:
  - (A) if such Note is represented by a Global Note, the relevant Noteholder must deliver to Euroclear or Clearstream (as applicable), with a copy to the Issuer, not later than the close of business in each place of receipt on the Cut-Off Date, a duly completed Asset Transfer Notice (as defined below); and
  - (B) if such Note is a Definitive Note, the relevant Noteholder must deliver to any Paying Agent, with a copy to the Issuer, not later than the close of business in each place of receipt on the Cut-Off Date, a duly completed Asset Transfer Notice (as defined below).

Forms of the Asset Transfer Notice may be obtained during normal business hours from the specified office of any Paying Agent.

An Asset Transfer Notice may only be delivered (i) if such Note is represented by a Global Note, in such manner as is acceptable to Euroclear or Clearstream, as the case may be, or (ii) if such Note is a Definitive Note, in writing or by tested telex.

An Asset Transfer Notice must:

- (1) specify the name and address of the relevant Noteholder, the person from whom the Issuer may obtain details for the Delivery of the Deliverable Obligations comprising the Asset Amount and any details required for Delivery of the Deliverable Obligations comprising the Asset Amount set out in the applicable Final Terms;
- (2) in the case of Notes represented by a Global Note, specify the nominal amount of Notes which are the subject of such notice and the number of the Noteholder's account at Euroclear or Clearstream, as the case may be, to be debited with such Notes and irrevocably instruct and authorise Euroclear or

Clearstream, as the case may be, to debit the relevant Noteholder's account with such Notes on or before the Delivery Date;

- (3) include an undertaking to pay all Delivery Expenses and, in the case of Notes represented by a Global Note, an authority to debit a specified account of the Noteholder at Euroclear or Clearstream, as the case may be, in respect thereof and to pay such Delivery Expenses;
- (4) specify an account to which any dividends (if any) payable pursuant to this Condition 10(g) or any other cash amounts specified in the applicable Final Terms as being payable are to be paid; and
- (5) authorise the production of such notice in any applicable administrative or legal proceedings.

No Asset Transfer Notice may be withdrawn after receipt thereof by Euroclear or Clearstream or a Paying Agent, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice.

In the case of Notes represented by a Global Note, upon receipt of such notice, Euroclear or Clearstream, as the case may be, shall verify that the person specified therein as the Noteholder is the holder of the specified nominal amount of Notes according to its books.

Failure properly to complete and deliver an Asset Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such Asset Transfer Notice has been properly completed and delivered as provided in these Terms and Conditions shall be made, in the case of Notes represented by a Global Note, by Euroclear or Clearstream, as the case may be, after consultation with the Issuer and shall be conclusive and binding on the Issuer and the relevant Noteholder and, in the case of Definitive Notes, by the relevant Paying Agent, after consultation with the Issuer, and shall be conclusive and binding on the Issuer and the relevant Noteholder.

Delivery of the Deliverable Obligations comprising the Asset Amount in respect of each Note shall be made at the risk of the relevant Noteholder in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice or in such manner as is specified in the applicable Final Terms.

If a Noteholder fails to give an Asset Transfer Notice as provided herein on or prior to the Cut-Off Date specified in the applicable Final Terms, the Issuer will, subject as provided above, Deliver the Deliverable Obligations comprising the Asset Amount in respect of the relevant Notes as soon as practicable after the receipt of the duly completed Asset Transfer Notice, Provided That if, in respect of a Note, a Noteholder fails to give an Asset Transfer Notice prior to the day falling 180 calendar days after the Cut-Off Date, the Issuer's obligations in respect of such Notes shall be discharged and the Issuer shall have no liability in respect thereof.

- (ii) All Delivery Expenses arising from the Delivery of the Deliverable Obligations comprising the Asset Amounts in respect of such Notes shall be for the account of the relevant Noteholder and no Delivery of the Deliverable Obligations comprising the Asset Amount shall be made

until all Delivery Expenses have been paid to the satisfaction of the Issuer by the relevant Noteholder.

After Delivery of the Deliverable Obligations comprising an Asset Amount and for the Intervening Period, none of the Issuer, the Calculation Agent nor any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of the securities or obligations included in such Asset Amount, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities or obligations included in such Asset Amount or (iii) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities or obligations included in such Asset Amount.

- (iii) In relation to each Deliverable Obligation constituting an Asset Amount the Issuer will Deliver or procure the Delivery of the relevant Deliverable Obligation as provided below on the Settlement Date Provided That if all or some of the Deliverable Obligations included in such Asset Amount are Undeliverable Obligations and/or Hedge Disruption Obligations, then the Issuer shall continue to attempt to Deliver all or a portion of such Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, on or before the 30th Business Day following the Settlement Date (the **Final Delivery Date**),

Provided Further That if all or a portion of such Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, are not Delivered by the Final Delivery Date the provisions of Condition 10(h) shall apply.

(h) ***Partial Cash Settlement***

If all or a portion of the Undeliverable Obligations or Hedge Disruption Obligations comprising the Asset Amount are not Delivered by the Final Delivery Date, the Issuer shall give notice (a **Cash Settlement Notice**) to the Noteholders in accordance with Condition 19 and the Issuer shall pay in respect of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, the Cash Settlement Amount on the Cash Settlement Date.

In the Cash Settlement Notice the Issuer must give details of why it is unable to deliver the relevant Undeliverable Obligations or Hedge Disruption Obligation, as the case may be.

Unless otherwise specified in the applicable Final Terms, for the purposes of this Condition 10(h) the following terms are deemed to have the meanings:

**Cash Settlement Amount** is deemed to be, for each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, an amount calculated by the Calculation Agent equal to the greater of (i) (A) the Outstanding Principal Balance, the Due and Payable Amount or the Currency Amount, as applicable, of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, multiplied by (B) the Final Price with respect to such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, less (C) Unwind Costs, if any (but excluding any Unwind Costs already taken into account in calculating the relevant Asset Amount), and (ii) zero.

**Cash Settlement Date** is deemed to be the date falling three (3) Business Days after the calculation of the Final Price.

**Indicative Quotation** means, in accordance with the Quotation Method, each quotation obtained from a Quotation Dealer at the Valuation Time for (to the extent reasonably practicable) an amount of the

Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, equal to the Quotation Amount, which reflects such Quotation Dealer's reasonable assessment of the price of such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, based on such factors as such Quotation Dealer may consider relevant, which may include historical prices and recovery rates.

**Market Value** means, with respect to an Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, on a Valuation Date, (i) if more than three (3) Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the same highest and lowest values (and, if more than one (1) such Full Quotations have the same highest or lowest value, one (1) of such highest or lowest Full Quotations shall be disregarded); (ii) if exactly three (3) Full Quotations are obtained, the Full Quotations remaining after disregarding the highest and lowest Full Quotations (and, if more than one (1) such Full Quotations have the same highest value or lowest value, then one (1) of such highest or lowest Full Quotations shall be disregarded); (iii) if exactly two (2) Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if fewer than two (2) Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (v) if Indicative Quotations are specified as applicable in the applicable Final Terms and exactly three (3) Indicative Quotations are obtained, the Indicative Quotation remaining after disregarding the highest and lowest Indicative Quotations (and, if more than one (1) such Indicative Quotations have the same highest or lowest value, then one (1) of such highest or lowest Indicative Quotations shall be disregarded); (vi) if fewer than two (2) Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three (3) Indicative Quotations are obtained) then, subject to paragraph (ii) of the definition of 'Quotation' below, an amount as determined by the Calculation Agent on the next Business Day on which two (2) or more Full Quotations or a Weighted Average Quotation or, if applicable, three (3) Indicative Quotations are obtained; and (vii) if fewer than two (2) Full Quotations are obtained, no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three (3) Indicative Quotations are obtained) on the same Business Day on or prior to the tenth Business Day following the Valuation Date, the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.

**Quotation** means each Full Quotation, the Weighted Average Quotation and, if Indicative Quotations are specified as applicable in the applicable Final Terms, each Indicative Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

- (i) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five (5) or more Quotation Dealers. If the Calculation Agent is unable to obtain two (2) or more such Full Quotations on the same Business Day within three (3) Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five (5) or more Quotation Dealers, and, if two (2) or more Full Quotations are not available, a Weighted Average Quotation. If two (2) or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day and Indicative Quotations are specified as applicable in the applicable Final Terms, the Calculation Agent shall attempt to obtain three (3) Indicative Quotations from five (5) or more Quotation Dealers.

- (ii) If the Calculation Agent is unable to obtain two (2) or more Full Quotations or a Weighted Average Quotation (or, if Indicative Quotations are specified as applicable in the applicable Final Terms, three (3) Indicative Quotations) on the same Business Day on or prior to the tenth Business Day following the Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.
- (iii) The Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.
- (iv) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for purposes of determining the Final Price.

**Quotation Amount** is deemed to be, with respect to each type or issue of Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained), as applicable, of such Undeliverable Obligation or Hedge Disruption Obligations, as the case may be.

**Quotation Method** is deemed to be Bid.

**Reference Obligation** is deemed to be each Undeliverable Obligation or Hedge Disruption Obligations, as the case may be.

**Valuation Method** is deemed to be Highest unless fewer than two (2) Full Quotations are obtained or a Weighted Average Quotation applies (or, if applicable, Indicative Quotations), in which case 'Valuation Method' is deemed to be Market.

**Valuation Time** is the time specified as such in the applicable Final Terms, or, if no time is so specified, 11:00 a.m. in the principal trading market for the Undeliverable Obligation or Hedge Disruption Obligations, as the case may be.

**Weighted Average Quotation** means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, with an Outstanding Principal Balance of as large a size as available but less than the Quotation Amount that in aggregate are approximately equal to the Quotation Amount.

(i) ***Redemption following a Merger Event***

If Condition 10(i) is specified as applicable in the applicable Final Terms, in the event that in the determination of the Calculation Agent a Merger Event has occurred, the Issuer may give notice to the Noteholders in accordance with Condition 19 and redeem the Notes at the Early Redemption Amount on the Merger Event Redemption Date.

(j) ***Definitions applicable to Credit Linked Notes***

**Accreted Amount**

means, with respect to an Accreting Obligation, an amount equal to (a) the sum of (i) the original issue price of such obligation and (ii) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (b) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in (a)(ii) above), in each case calculated as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Delivery Date or applicable Valuation Date, as the case may be. Such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent in its sole and absolute discretion) only if 'Include Accrued Interest' is specified as applicable in the applicable Final Terms. If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such Obligation's yield to maturity is not specified in, nor implied from, the terms of such Obligation, then, for the purposes of (a)(ii) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such Obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Delivery Date or applicable Valuation Date, as the case may be. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

**Accreting Obligation**

means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (a) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (b) periodic cash interest is also payable.

**Asset Amount**

means, in respect of each nominal amount of Notes equal to the lowest Specified Denomination, Deliverable Obligations, as selected by the Calculation Agent in its sole and absolute discretion, with:

- (i) in the case of Deliverable Obligations that are Borrowed Money, an Outstanding Principal Balance (including accrued but unpaid interest (as determined by the Calculation Agent) if 'Include Accrued Interest' is specified as applicable in the applicable Final Terms, but excluding accrued but unpaid interest if 'Exclude Accrued Interest' is specified

as applicable in the applicable Final Terms, and if neither ‘Include Accrued Interest’ nor ‘Exclude Accrued Interest’ is specified as applicable in the applicable Final Terms, excluding accrued but unpaid interest); or

- (ii) in the case of Deliverable Obligations that are not Borrowed Money, a Due and Payable Amount,

(or, in the case of either (i) or (ii), the equivalent Currency Amount of any such amount), in an aggregate amount as of the relevant Delivery Date equal to the lowest Specified Denomination less, if Unwind Costs are specified as applicable in the applicable Final Terms, Deliverable Obligations with a Market Value determined by the Calculation Agent in its sole and absolute discretion on the Business Day selected by the Calculation Agent falling during the period from and including the Credit Event Determination Date to and including the Delivery Date equal to Unwind Costs.

If an obligation by its terms represents or contemplates an obligation to pay an amount greater than the Outstanding Principal Balance of such obligation as of the Delivery Date as a result of the occurrence or non-occurrence of an event or circumstance, the Outstanding Principal Balance of such obligation shall not include any additional amount that would be payable upon the occurrence or non-occurrence of such event or circumstance.

**Asset Transfer Notice**

means a duly completed asset transfer notice substantially in the form set out in the Agency Agreement.

**Bankruptcy**

means a Reference Entity:

- (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (iv) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within 30 calendar days of the institution or presentation thereof or before the Maturity Date, whichever is earlier;
- (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);



- (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 calendar days thereafter or before the Maturity Date, whichever is earlier; or
- (viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has any analogous effect to any of the events specified in clauses (i) to (vii) (inclusive).

**Best Available Information**

means:

- (i) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information and, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of the definition of 'Successor', other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or
- (ii) in the case of a Reference Entity which does not file with its primary securities regulators or primary stock exchange, or which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of 'Successor'.

Information which is made available more than 14 calendar days after the legally effective date of the Succession Event shall not constitute 'Best Available Information'.

**Calculation Agent City Business Day**

means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the Calculation Agent City.

**Conditionally Transferable Obligation**

means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, provided, however, that a

Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition of 'Conditionally Transferable Obligation'.

For purposes of determining whether a Deliverable Obligation satisfies the requirements of the definition of Conditionally Transferable Obligation, such determination shall be made as of the Delivery Date for the Deliverable Obligation, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Issuer.

**Conditions to Settlement** means the delivery by the Calculation Agent to the Issuer of a Credit Event Notice that is effective and if notice of Publicly Available Information is specified as applicable in the applicable Final Terms, a Notice of Publicly Available Information, that is effective, in each case, during the Notice Delivery Period.

**Convertible Obligation** means any obligation that is convertible, in whole or in part, into Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

**Credit Event** means the occurrence of any one or more of the Credit Events specified in the applicable Final Terms which may include Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, or any additional Credit Event specified in the applicable Final Terms, as determined by the Calculation Agent.

If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

- (i) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (ii) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;

- (iii) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (iv) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**Credit Event Notice**

means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred at or after 12.01 a.m. Greenwich Mean Time on the Trade Date and at or prior to 11.59 p.m., Greenwich Mean Time, on the latest of:

- (i) the Scheduled Maturity Date;
- (ii) where 'Grace Period Extension' is specified as applicable in the applicable Final Terms, the Grace Period Extension Date if (A) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the Scheduled Maturity Date; and (B) the Potential Failure to Pay with respect to such Failure to Pay occurs at or prior to 11.59 p.m., Greenwich Mean Time, on the Scheduled Maturity Date; and
- (iii) the Repudiation/Moratorium Evaluation Date if:
  - (A) the Credit Event that is the subject of the Credit Event Notice is a Repudiation/Moratorium that occurs after the Scheduled Maturity Date;
  - (B) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs at or prior to 11.59 p.m., Greenwich Mean Time, on the Scheduled Maturity Date; and
  - (C) the Repudiation/Moratorium Extension Condition is satisfied.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective. A Credit Event Notice shall be subject to the requirements regarding notices set out in Condition 10(m).

**Credit Event Redemption Amount**

means the amount specified as such in the applicable Final Terms or if no such amount is specified in the applicable Final Terms, an amount calculated by the Calculation Agent equal to:

$$(A \times B) - C$$

where:

A is the lowest Specified Denomination;

**B** is the Final Price; and

**C** is Unwind Costs,

provided that in no event shall the Credit Event Redemption Amount be less than zero.

**Credit Event Redemption Date** means the day falling the number of Business Days specified in the applicable Final Terms after the calculation of the Final Price.

**Currency Amount** means, whenever an amount is denominated in a currency other than the Settlement Currency and is specified to be determined by reference to a Currency Amount, such amount converted to the relevant Settlement Currency using the Currency Rate.

**Currency Rate** means:

- (i) the rate determined by the Calculation Agent equal to the rate of conversion of the currency of the Deliverable Obligation into the Settlement Currency by reference to:
  - (A) if the Settlement Currency is U.S. Dollars, the Federal Reserve Bank of New York 10:00 a.m. (New York time) mid point rate as displayed on Reuters page FEDSPOT on the date that the Notice of Physical Settlement is deemed given, or on such date and in such other commercially reasonable manner as it shall determine; or
  - (B) if the Settlement Currency is euro, the MEAN price as displayed on Reuters Page EUROFX/1 as of 12:00 p.m. (British Standard Time) on the date that the Notice of Physical Settlement is deemed given, or on such date and in such other commercially reasonable manner as it shall determine; or
- (ii) if the Settlement Currency is not U.S. Dollars or euro, the rate determined by the Calculation Agent in its sole and absolute discretion in a commercially reasonable manner.

**Default Requirement** means the amount specified as such in the applicable Final Terms or its equivalent in the relevant Obligation Currency or, if a Default Requirement is not specified in the applicable Final Terms, USD10,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Credit Event.

**Deliver** means to deliver, novate, transfer (including, in the case of a Qualifying Guarantee, transfer of the benefit of the Qualifying Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the Asset Amount to the relevant Noteholder free and clear of any and all liens, charges, claims or encumbrances (including without limitation any counterclaim, defence (other than a counterclaim or defence based on the factors set out in (a) to (d) in the definition of 'Credit Event'

above or right of set-off by or of the Reference Entity or, as applicable, an Underlying Obligor) provided that if all or a portion of the Asset Amount consists of Direct Loan Participations, **Deliver** means to create (or procure the creation) of a participation in favour of the relevant Noteholder and to the extent that the Deliverable Obligations consist of Qualifying Guarantees, **Deliver** means to Deliver both the Qualifying Guarantee and the Underlying Obligation. **Delivery** and **Delivered** will be construed accordingly. In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time.

## **Deliverable Obligation**

means, subject as provided in Condition 10(c):

- (i) any obligation of a Reference Entity (either directly, as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) determined pursuant to the method described in ‘(A) Method for Determining Deliverable Obligations’ below (but excluding any Excluded Deliverable Obligation specified in the applicable Final Terms) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a) to (d) of the definition of ‘Credit Event’ above)) or right of set off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the date on which the Notice of Physical Settlement is deemed given, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;
- (ii) subject to the second paragraph of the definition of ‘Not Contingent’ in ‘(A) Method for Determining Deliverable Obligations’ below, each Reference Obligation, unless specified in the applicable Final Terms as an Excluded Deliverable Obligation;
- (iii) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation (but excluding any Excluded Deliverable Obligation) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a)-(d) of the definition of ‘Credit Event’ above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the date on which the Notice of Physical Settlement is deemed given, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the

Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and

- (iv) any Additional Deliverable Obligation of a Reference Entity specified as such in the applicable Final Terms.

(A) **Method for Determining Deliverable Obligations.** For the purposes of this definition of ‘Deliverable Obligation’, the term ‘Deliverable Obligation’ may be defined as each obligation of each Reference Entity described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject to (B)(3) below, having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, as of the date on which the Notice of Physical Settlement is deemed given. The following terms shall have the following meanings:

(1) **Deliverable Obligation Category** means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan (each as defined in the definition of ‘Obligation’ below, except that, for the purpose of determining Deliverable Obligations, the definition of ‘Reference Obligations Only’ shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligations Only).

(2) **Deliverable Obligation Characteristics** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance (each as defined in the definition of ‘Obligation’ below), Not Contingent, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer where:

(a) **Not Contingent** means any obligation having as of the Delivery Date and all times thereafter an Outstanding Principal Balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall constitute Deliverable Obligations that are Not Contingent if such Deliverable Obligation otherwise meets the requirements of the

preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (A) to convert or exchange such obligation or (B) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date.

If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Deliverable Obligation only if the rights referred to in clauses (A) and (B) of the preceding paragraph have not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date.

- (b) **Assignable Loan** means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (c) **Consent Required Loan** means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such loan) or any agent;
- (d) **Direct Loan Participation** means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of each Noteholder that provides each Noteholder with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between each Noteholder and either (A) the

Issuer (to the extent that the Issuer is then a lender or a member of the relevant lending syndicate), or (B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);

- (e) **Transferable** means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, provided that none of the following shall be considered contractual, statutory or regulatory restrictions:
  - (i) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
  - (ii) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds;
- (f) **Maximum Maturity** means an obligation that has a remaining maturity from the Settlement Date of not greater than the period specified in the applicable Final Terms;
- (g) **Accelerated or Matured** means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Delivery Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and



- (h) **Not Bearer** means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream or any other internationally recognised clearing system.

(B) ***Interpretation of Provisions.***

- (1) If the Obligation Characteristic 'Listed' is specified in the applicable Final Terms, the Final Terms shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category;
- (2) if (i) either of the Deliverable Obligation Characteristics 'Listed' or 'Not Bearer' is specified in the applicable Final Terms, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Deliverable Obligation Category; (ii) the Deliverable Obligation Characteristic 'Transferable' is specified in the applicable Final Terms, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Deliverable Obligation Category); or (iii) any of the Deliverable Obligation Characteristics 'Assignable Loan', 'Consent Required Loan' or 'Direct Loan Participation' is specified in the applicable Final Terms, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Deliverable Obligation Category;
- (3) if any of Payment, Borrowed Money, Loan or Bond or Loan is specified as the Deliverable Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Deliverable Obligation Characteristics, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics; and

- (4) in the event that an Obligation or a Deliverable Obligation is a Qualifying Guarantee, the following will apply:
- (i) For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Qualifying Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation.
  - (ii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the applicable Final Terms, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
  - (iii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Qualifying Guarantee must satisfy on the relevant date the Obligation Characteristic or the Deliverable Obligation Characteristic of Not Subordinated, if specified in the applicable Final Terms.
  - (iv) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured

and Not Bearer.

- (v) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (vi) The terms 'Outstanding Principal Balance' and 'Due and Payable Amount' (as they are used in the Terms and Conditions, including without limitation, the definitions of 'Cash Settlement Amount' and 'Quotation Amount' in Condition 10(h)), when used in connection with Qualifying Guarantees are to be interpreted to be the then 'Outstanding Principal Balance' or 'Due and Payable Amount', as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

For the avoidance of doubt the provisions of this paragraph (B) apply in respect of the definitions of Obligation and Deliverable Obligation as the context admits.

<b>Delivery Date</b>	means, with respect to a Deliverable Obligation, the date such Deliverable Obligation is Delivered.
<b>Delivery Expenses</b>	means all costs, taxes, duties and/or expenses, including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes arising from the Delivery of the Deliverable Obligations comprising the Asset Amount.
<b>Domestic Currency</b>	means the currency specified as such in the applicable Final Terms and any successor currency. If no currency is specified in the applicable Final Terms, the Domestic Currency shall be the lawful currency and any successor currency of (a) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the relevant Reference Entity is organised, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro (or any successor currency to any such currency).
<b>Downstream Affiliate</b>	means an entity, at the date of the event giving rise to the Credit Event which is the subject of the Credit Event Notice, the Delivery Date or the time of identification of a Substitute Reference Obligation (as applicable), whose outstanding Voting Shares are more than 50 per cent. owned, directly or indirectly, by the Reference Entity. <b>Voting Shares</b> shall mean those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.
<b>Due and Payable Amount</b>	means, subject as provided in sub-paragraph (4)(vi) of paragraph (B) (Interpretation of Provisions) in the definition of Deliverable Obligation, the

amount that is due and payable under (and in accordance with the terms of) a Deliverable Obligation on the Delivery Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

**Eligible Transferee**

means each of the following:

- (i)
  - (A) any bank or other financial institution;
  - (B) an insurance or reinsurance company;
  - (C) a mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in sub-paragraph (c)(i) below); and
  - (D) a registered or licensed broker or dealer (other than a natural person or proprietorship),

provided, however, in each case that such entity has total assets or at least USD 500 million;

- (ii) an Affiliate of an entity specified in the preceding sub-paragraph (a);
- (iii) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
  - (A) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least USD 100 million or (2) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least USD 100 million; or
  - (B) that has total assets of at least USD 500 million; or
  - (C) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support, or other agreement by an entity described in sub-paragraphs (i), (ii), (iii)(A) or (iv); and
- (iv) a Sovereign, Sovereign Agency or Supranational Organisation;

All references in this definition to USD include equivalent amounts in other currencies.

**Equity Securities**

means:

- (i) in the case of a Convertible Obligation, equity securities (including options and warrants) of the issuer of such obligation or depositary receipts representing equity securities of the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time; and

- (ii) in the case of an Exchangeable Obligation, equity securities (including options and warrants) of a person other than the issuer of such obligation or depositary receipts representing those equity securities of a person other than the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time.

<b>Exchangeable Obligation</b>	means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).
<b>Excluded Deliverable Obligation</b>	means any obligation of a Reference Entity specified as such or of a type described in the applicable Final Terms.
<b>Excluded Obligation</b>	means any obligation of a Reference Entity specified as such or of a type described in the applicable Final Terms.
<b>Failure to Pay</b>	means after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure.
<b>Final Price</b>	means the price of the Reference Obligation, expressed as a percentage, determined in accordance with the Valuation Method specified in the applicable Final Terms. The Calculation Agent shall as soon as practicable after obtaining all Quotations for a Valuation Date, make available for inspection by Noteholders at the specified office of the Fiscal Agent and, for so long as the Notes are listed on the Luxembourg Stock Exchange at the office of the Paying Agent in Luxembourg (i) each such Quotation that it receives in connection with the calculation of the Final Price and (ii) a written computation showing its calculation of the Final Price.
<b>Full Quotation</b>	means, in accordance with the Quotation Method each firm quotation obtained from a Quotation Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation with an Outstanding Principal Balance equal to the Quotation Amount.

**Fully Transferable  
Obligation**

means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required in the case of any Deliverable Obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered as a requirement for consent for purposes of this definition of 'Fully Transferable Obligation'. For purposes of determining whether a Deliverable Obligation satisfies the requirements of this definition of 'Fully Transferable Obligation', such determination shall be made as of the Delivery Date for the relevant Deliverable Obligation, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Issuer.

**Governmental Authority**

means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

**Grace Period**

means:

- (i) subject to paragraphs (i) and (iii) below, the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred;
- (ii) if Grace Period Extension is specified as applicable in the applicable Final Terms, a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Maturity Date, the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the applicable Final Terms or, if no period is specified in the applicable Final Terms, 30 calendar days; and
- (iii) if, at the later of the Trade Date and the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three (3) Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three (3) Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless Grace Period Extension is specified as applicable in the applicable Final Terms, such deemed Grace Period shall expire no later than the Scheduled Maturity Date.

**Grace Period Business  
Day**

means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified, in the jurisdiction of the Obligation Currency.

<b>Grace Period Extension Date</b>	<p>means, if:</p> <ul style="list-style-type: none"> <li>(i) Grace Period Extension is specified as applicable in the applicable Final Terms; and</li> <li>(ii) a Potential Failure to Pay occurs on or prior to the Scheduled Maturity Date,</li> </ul> <p>the day that is five (5) Business Days following the day falling the number of days in the Grace Period after the date of such Potential Failure to Pay.</p>
<b>Hedge Disruption Event</b>	means in the opinion of the Calculation Agent any event as a result of which the Issuer and/or any of its Affiliates has not received the relevant Deliverable Obligations under the terms of any transaction entered into by the Issuer and/or such Affiliate to hedge the Issuer's obligations or position in respect of the Notes.
<b>Hedge Disruption Obligation</b>	means a Deliverable Obligation included in the Asset Amount which, on the Settlement Date for such Deliverable Obligation, the Calculation Agent determines cannot be Delivered as a result of a Hedge Disruption Event.
<b>Market Value</b>	<p>means, with respect to a Reference Obligation on a Valuation Date:</p> <ul style="list-style-type: none"> <li>(i) if more than three (3) Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);</li> <li>(ii) if exactly three (3) Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);</li> <li>(iii) if exactly two (2) Full Quotations are obtained, the arithmetic mean of such Full Quotations;</li> <li>(iv) if fewer than two (2) Full Quotations and a Weighted Average Quotation is obtained, such Weighted Average Quotation;</li> <li>(v) if two (2) or more Full Quotations or a Weighted Average Quotation are not obtained on or prior to the tenth Business Day following the applicable Valuation Date, the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.</li> </ul>

<b>Merger Event</b>	means that at any time during the period from (and including) the Trade Date to (but excluding) the Scheduled Maturity Date the Issuer or a Reference Entity consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, a Reference Entity or the Issuer, as applicable, or the Issuer and a Reference Entity become Affiliates.
<b>Minimum Quotation Amount</b>	means the amount specified as such in the applicable Final Terms (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) USD1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.
<b>Modified Eligible Transferee</b>	means any bank, financial institution or other entity which is regularly engaged in an established for the purpose of making, purchasing or investing in loans, securities and other financial assets.
<b>Modified Restructuring Maturity Limitation Date</b>	means, with respect to a Deliverable Obligation, the date that is the later of (x) the Scheduled Maturity Date and (y) 60 months following the Restructuring Date in the case of a Restructured Bond or Loan, or 30 months following the Restructuring Date in the case of all other Deliverable Obligations.
<b>Notice Delivery Period</b>	means the period from and including the Trade Date to and including (a) the Scheduled Maturity Date; (b) the Grace Period Extension Date if (i) 'Grace Period Extension' is specified as applicable in the applicable Final Terms, (ii) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the Scheduled Maturity Date, and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Maturity Date; (c) the Repudiation/Moratorium Evaluation Date if (i) the Credit Event that is the subject of the Credit Event Notice is a Repudiation/Moratorium that occurs after the Scheduled Maturity Date, (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date and (iii) the Repudiation/Moratorium Extension Condition is satisfied; or (d) the Postponed Maturity Date if the Maturity Date is postponed pursuant to Condition 10(f).
<b>Notice of Publicly Available Information</b>	means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. In relation to a Repudiation/Moratorium Credit Event, the Notice of Publicly Available Information must cite Publicly Available Information confirming the occurrence of both clauses (i) and (ii) of the definition of Repudiation/Moratorium. The notice given must contain a copy or description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is specified as applicable in the applicable Final Terms and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information. A Notice of Publicly Available Information shall be subject to the requirements regarding notices in Condition 10(m).



## Obligation

means:

- (i) any obligation of a Reference Entity (either directly, as a provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) determined pursuant to the method described in 'Method for Determining Obligations' below (but excluding any Excluded Obligation);
- (ii) each Reference Obligation specified in the applicable Final Terms, unless specified as an Excluded Obligation; and
- (iii) any Additional Obligation of a Reference Entity specified as such in the applicable Final Terms.

## Method for Determining Obligations

For the purposes of paragraph (a) of this definition of 'Obligation', the term 'Obligation' may be defined as each obligation of each Reference Entity described by the Obligation Category specified in the applicable Final Terms, and having each of the Obligation Characteristics (if any) specified in the applicable Final Terms, in each case, as of the date of the event which constitutes the Credit Event which is the subject of the Credit Event Notice. The following terms shall have the following meanings:

- (A) **Obligation Category** means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the applicable Final Terms, where:
  - (1) **Payment** means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
  - (2) **Borrowed Money** means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);
  - (3) **Reference Obligations Only** means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;
  - (4) **Bond** means any obligation of a type included in the 'Borrowed Money' Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money;
  - (5) **Loan** means any obligation of a type included in the 'Borrowed Money' Obligation Category that is documented by a term loan agreement, revolving loan agreement or other

similar credit agreement and shall not include any other type of Borrowed Money; and

- (6) **Bond or Loan** means any obligation that is either a Bond or a Loan.
- (B) **Obligation Characteristics** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance specified in the applicable Final Terms, where:
- (1) (a) **Not Subordinated** means an obligation that is not Subordinated to the most senior Reference Obligation in priority of payment or, if no Reference Obligation is specified in the applicable Final Terms, any unsubordinated Borrowed Money obligation of the Reference Entity. For purposes of determining whether an obligation satisfies the ‘Not Subordinated’ Obligation Characteristic or Deliverable Obligation Characteristic, the ranking in priority of payment of each Reference Obligation shall be determined as of the later of (1) the Trade Date specified in the applicable Final Terms and (2) the date on which such Reference Obligation was issued or incurred and shall not reflect any change to such ranking in priority of payment after such later date;
- (b) **Subordination** means, with respect to an obligation (the **Subordinated Obligation**) and another obligation of the Reference Entity to which such obligation is being compared (the **Senior Obligation**), a contractual, trust or other similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. ‘Subordinated’ will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign;

- (2) **Specified Currency** means an obligation that is payable in the currency or currencies specified as such in the applicable Final Terms (or, if Specified Currency is specified in the applicable Final Terms and no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies, which currencies shall be referred to collectively in the applicable Final Terms as the **Standard Specified Currencies**);
- (3) **Not Sovereign Lender** means any obligation that is not primarily owed to a Sovereign or Supranational Organisation, including, without limitation, obligations generally referred to as ‘Paris Club debt’;
- (4) **Not Domestic Currency** means any obligation that is payable in any currency other than the Domestic Currency;
- (5) **Not Domestic Law** means any obligation that is not governed by the laws of (a) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign;
- (6) **Listed** means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
- (7) **Not Domestic Issuance** means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity.

**Obligation Acceleration** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event or default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**Obligation Currency** means the currency or currencies in which the Obligation is denominated.

**Obligation Default** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default, or other similar condition

or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**Outstanding Principal Balance**

means, subject as provided in sub-paragraph (4)(vi) of paragraph (B) (Interpretation of Provisions) in the definition of Deliverable Obligation:

- (i) with respect to any Accreting Obligation, the Accreted Amount thereof; and
- (ii) with respect to any other obligation, the outstanding principal balance of such obligation,

Provided That with respect to any Exchangeable Obligation that is not an Accreting Obligation, 'Outstanding Principal Balance' shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

**Payment Requirement**

means the amount specified as such in the applicable Final Terms or its equivalent in the relevant Obligation Currency or, if a Payment Requirement is not specified in the applicable Final Terms, USD 1,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

**Permitted Currency**

means (i) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership), or (ii) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Co-operation and Development and has a local currency long term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of the McGraw-Hill Companies, Inc. or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof.

**Physical Settlement Period**

means the number of Business Days specified as such in the applicable Final Terms or, if a number of Business Days is not so specified, then, with respect to a Deliverable Obligation comprising the Asset Amount, the longest number of Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent.

**Potential Failure to Pay**

means the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations, in accordance with the terms of such Obligations at the time of such failure.

**Potential Repudiation/Moratorium**

means the occurrence of an event described in paragraph (i) of the definition of Repudiation/Moratorium.

**Publicly Available  
Information**

means:

- (i) information that reasonably confirms any of the facts relevant to the determination that the Credit Event or a Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice has occurred and which:
  - (A) has been published in or on not less than the Specified Number of Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information provided that, if either the Calculation Agent or the Issuer or any of their respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless either the Calculation Agent or the Issuer or any of their Affiliates is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation;
  - (B) is information received from or published by (A) a Reference Entity or, as the case may be, a Sovereign Agency in respect of a Reference Entity which is a Sovereign or (B) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation; or
  - (C) is information contained in any petition or filing instituting a proceeding described in paragraph (d) of the definition of Bankruptcy against or by a Reference Entity; or
  - (D) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body.
- (ii) In the event that the Calculation Agent is (i) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation and (ii) a holder of the Obligation with respect to which a Credit Event has occurred, the Calculation Agent shall be required to deliver to the Issuer a certificate signed by a Managing Director (or other substantially equivalent title) of the Calculation Agent, which shall certify the occurrence of a Credit Event with respect to a Reference Entity.
- (iii) In relation to any information of the type described in paragraphs (a) (ii), (iii) and (iv) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the entity disclosing such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that

would be breached by, or would prevent, the disclosure of such information to third parties.

(iv) Publicly Available Information need not state:

(A) in relation to the definition of 'Downstream Affiliate', the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and

(B) that such occurrence:

(1) has met the Payment Requirement or Default Requirement;

(2) is the result of exceeding any applicable Grace Period; or

(3) has met the subjective criteria specified in certain Credit Events.

**Public Source**

means each source of Publicly Available Information specified as such in the applicable Final Terms (or if a source is not specified in the applicable Final Terms, each of Bloomberg Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

**Qualifying Affiliate Guarantee**

means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity.

**Qualifying Guarantee**

means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **Underlying Obligation**) for which another party is the obligor (the **Underlying Obligor**) and that is not at the time of the Credit Event Subordinated to any unsubordinated Borrowed Money obligation of the Underlying Obligor (with references in the definition of Subordination to the Reference Entity deemed to refer to the Underlying Obligor). Qualifying Guarantees shall exclude any arrangement structured (i) as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation.

**Qualifying Participation Seller**

means any participation seller that meets the requirements specified in the applicable Final Terms. If no such requirements are specified, there shall be no Qualifying Participation Seller.

**Quotation**

means each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

- (i) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two (2) or more such Full Quotations on the same Business Day within three (3) Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five (5) or more Quotation Dealers and, if two (2) or more Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is unable to obtain two (2) or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.
- (ii)
  - (A) If 'Include Accrued Interest' is specified in the applicable Final Terms in respect of Quotations, such Quotations shall include accrued but unpaid interest;
  - (B) If 'Exclude Accrued Interest' is specified in the applicable Final Terms in respect of Quotations, such Quotations shall not include accrued but unpaid interest; and
  - (C) If neither 'Include Accrued Interest' nor 'Exclude Accrued Interest' is specified in the applicable Final Terms in respect of Quotations, the Calculation Agent shall determine based on then current market practice in the market of the Reference Obligation, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.
- (iii) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for the purposes of determining the Final Price.

**Quotation Dealer**

means a dealer in obligations of the type of Obligation(s) for which Quotations are to be obtained other than Deutsche Bank AG, London Branch including each Quotation Dealer specified in the applicable Final Terms. If no Quotation

Dealers are specified in the applicable Final Terms, the Calculation Agent shall select the Quotation Dealers in its sole and absolute discretion. Upon a Quotation Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Quotation Dealer(s) for such Quotation Dealer(s).

**Quotation Method**

means the applicable Quotation Method specified in the applicable Final Terms by reference to one of the following terms:

- (i) **Bid** means that only bid quotations shall be requested from Quotation Dealers;
- (ii) **Offer** means that only offer quotations shall be requested from Quotation Dealers; or

If a Quotation Method is not specified in the applicable Final Terms, Bid shall apply.

**Reference Entity**

means the entity or entities specified as such in the applicable Final Terms. Any Successor to a Reference Entity identified pursuant to the definition of ‘Successor’ in this Condition 10(j) shall be the Reference Entity for the purposes of the relevant Series.

**Reference Obligation**

means each obligation specified or of a type described as such in the applicable Final Terms (if any are so specified or described) and any Substitute Reference Obligation.

**Relevant Obligations**

means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

**Representative Amount**

means an amount that is representative for a single transaction in the relevant market and at the relevant time, such amount to be determined by the Calculation Agent.

**Repudiation/Moratorium**

means the occurrence of both of the following events:

- (i) an authorised officer of a Reference Entity or a Governmental Authority:
  - (A) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement; or



(B) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and

(ii) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.

**Repudiation/Moratorium Evaluation Date** means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date, (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium.

**Repudiation/Moratorium Extension Condition** means the delivery of a Repudiation/Moratorium Extension Notice and, if specified as applicable in the applicable Final Terms, Notice of Publicly Available Information by the Calculation Agent to the Issuer that is effective during the period from and including the Trade Date to and including the Scheduled Maturity Date or, if Condition 10(f)(ii) applies, the Postponed Maturity Date.

**Repudiation/Moratorium Extension Notice** means an irrevocable notice (which may be by telephone) from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Potential Repudiation/Moratorium that occurred on or after the Trade Date and on or prior to the Scheduled Maturity Date. A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

**Restructured Bond or Loan** means an Obligation which is a Bond or Loan and in respect of which the Restructuring that is the subject of a Credit Event Notice has occurred.

**Restructuring** means, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between a Reference Entity or a Governmental Authority and a sufficient number of holders of the Obligation to bind all the holders of such Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred:

- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- (iii) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest or (ii) the payment of principal or premium;
- (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
- (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.

Notwithstanding the above provisions, none of the following shall constitute a Restructuring:

- (A) the payment in euro of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- (B) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (C) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

For purposes of the definition of Restructuring and Condition 10(l), the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in the initial paragraph and sub-paragraphs (i) to (v) of the definition of Restructuring shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in the second paragraph of this definition of Restructuring shall continue to refer to the Reference Entity.

#### **Restructuring Date**

means, with respect to a Restructured Bond or Loan, the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

<b>Restructuring Maturity Limitation Date</b>	means the date that is the earlier of (i) 30 months following the Restructuring Date and (ii) the latest final maturity date of any Restructured Bond or Loan, provided, however, that under no circumstances shall the Restructuring Maturity Limitation Date be earlier than the Scheduled Maturity Date or later than 30 months following the Scheduled Maturity Date and if it is, it shall be deemed to be the Scheduled Maturity Date or 30 months following the Scheduled Maturity Date, as the case may be.
<b>Settlement Currency</b>	means the currency specified as such in the applicable Final Terms, or if no currency is specified in the applicable Final Terms, the Specified Currency of the Notes.
<b>Settlement Date</b>	means the last day of the longest Physical Settlement Period following the satisfaction of Conditions to Settlement (the <b>Scheduled Settlement Date</b> ) Provided That if a Hedge Disruption Event has occurred and is continuing on the second Business Day immediately preceding the Scheduled Settlement Date, the Settlement Date shall be the earlier of (i) the second Business Day following the date on which no Hedge Disruption Event subsists and (ii) the day falling 60 Business Days following the Scheduled Settlement Date.
<b>Sovereign</b>	means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including without limiting the foregoing, the central bank) thereof.
<b>Sovereign Agency</b>	means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign.
<b>Sovereign Restructured Deliverable Obligation</b>	means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject to paragraph (3) of (B) 'Interpretation of Provisions' in the definition of 'Deliverable Obligation', having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Deliverable Obligation Category or Deliverable Obligation Characteristics after such Restructuring.
<b>Specified Number</b>	means the number of Public Source(s) specified in the applicable Final Terms, or if no number is specified in the applicable Final Terms, two (2).
<b>Substitute Reference Obligation</b>	means one or more obligations of the Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations, identified by the Calculation Agent in accordance with the following procedures: <ul style="list-style-type: none"> <li>(i) In the event that: <ul style="list-style-type: none"> <li>(A) a Reference Obligation is redeemed in whole; or</li> <li>(B) in the opinion of the Calculation Agent (A) the aggregate</li> </ul> </li> </ul>

amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (B) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.

- (ii) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (1) ranks *pari passu* (or, if no such Obligation exists, then, at the Issuer's option, an Obligation that ranks senior) in priority of payment with such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the later of (A) the Trade Date and (B) the date on which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such later date), (2) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent of the delivery and payment obligations of the Issuer and (3) is an obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.
- (iii) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to one or more but not all of the Reference Obligations, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- (iv) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.

- (v) If:
  - (A) more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all of the Reference Obligations and the Calculation Agent determines that no Substitute Reference Obligation is available for any of the Reference Obligations; or
  - (B) only one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to such Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the later of (A) the Scheduled Maturity Date, (B) the Grace Period Extension Date (if any) and (C) the Repudiation/Moratorium Evaluation Date (if any). If (i) either Cash Settlement is specified in the applicable Final Terms and the Credit Event Redemption Amount is determined by reference to a Reference Obligation or Physical Delivery is specified in the applicable Final Terms and the Reference Obligation is the only Deliverable Obligation and (ii) on or prior to the later of (A) the Scheduled Maturity Date, (B) the Grace Period Extension Date or (C) the Repudiation/Moratorium Evaluation Date, a Substitute Reference Obligation has not been identified, the Issuer's obligations under the Notes shall cease as of the later of (A) the Scheduled Maturity Date, (B) the Grace Period Extension Date or (C) the Repudiation/Moratorium Evaluation Date.
- (iii) For the purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

**Succession Event**

means an event such as a merger, de-merger, consolidation, amalgamation, transfer of assets or liabilities, spin off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement. Notwithstanding the foregoing, 'Succession Event' shall not include an event in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, demerger, consolidation, amalgamation, transfer of assets or liabilities, spin-off or other similar event.

**Successor**

means:

- (i) in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined as set forth below:

- (A) if one entity directly or indirectly succeeds to 75 per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;
- (B) if only one entity directly or indirectly succeeds to more than 25 per cent. (but less than 75 per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than 25 per cent. of the Relevant Obligations will be the sole Successor;
- (C) if more than one entity each directly or indirectly succeed to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than 25 per cent. of the Relevant Obligations will each be a Successor and these Terms and Conditions and/or the applicable Final Terms will be adjusted as provided below;
- (D) if one or more entity each directly or indirectly succeed to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor and these Terms and Conditions and/or the applicable Final Terms will be adjusted as provided below;
- (E) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of the Succession Event; and
- (F) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor; and

- (ii) in relation to a Sovereign Reference Entity, any direct or indirect successor(s) to that Reference Entity irrespective of whether such successor(s) assumes any of the obligations of such Reference Entity.

In the case of (i) above, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than 14 calendar days after the legally effective date of the Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under (i)(D) above, as applicable. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under (iv)(F) above, as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information and shall, as soon as practicable after such calculation, make such calculation available for inspection by Noteholder(s) at the specified office of the Fiscal Agent and, for so long as the Notes are listed on the Luxembourg Stock Exchange, at the office of the Paying Agent in Luxembourg.

Where pursuant to paragraph (i)(C) or (i)(D) above, more than one Successor has been identified, the Calculation Agent shall adjust such of the Terms and Conditions and/or the applicable Final Terms as it in its sole and absolute discretion acting in a commercially reasonable manner shall determine to be appropriate to reflect that the relevant Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts such of the Terms and Conditions and/or the applicable Final Terms in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Notes under the provisions of the 2003 ISDA Credit Derivatives Definitions.

Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 19, stating the adjustment to the Terms and Conditions and/or the applicable Final Terms and giving brief details of the relevant Succession Event.

For the purposes of this definition of ‘Successor’, **succeed** means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to paragraph (a) of this definition of ‘Successor’ shall be made, in the case of an exchange offer, on the basis of the Outstanding Principal Balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the Outstanding Principal Balance of Bonds for which Relevant Obligations have been exchanged.

Where:

- (i) a Reference Obligation is specified in the applicable Final Terms; and
- (ii) one or more Successors to the Reference Entity have been identified; and
- (iii) any one or more such Successors have not assumed the Reference Obligation,

a Substitute Reference Obligation will be determined in accordance with the definition of ‘Substitute Reference Obligation’ above.

**Supranational Organisation**

means any entity or organisation established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns, and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and the European Bank for Reconstruction and Development.

**Trade Date**

means the date specified as such in the applicable Final Terms.

**Undeliverable Obligation**

means a Deliverable Obligation included in the Asset Amount which, on the Settlement Date for such Deliverable Obligation, the Calculation Agent determines for any reason (including without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the Delivery of Loans) it is impossible or illegal to Deliver on the Settlement Date.

**Unwind Costs**

means the amount specified in the applicable Final Terms or if **Standard Unwind Costs** are specified in the applicable Final Terms, an amount determined by the Calculation Agent equal to the sum of (without duplication) all costs, expenses (including loss of 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 position, such amount to be apportioned *pro rata* amongst each nominal amount of Notes in the Specified Denomination.

**Valuation Date**

means (a) where Physical Delivery is specified as applicable in the applicable Final Terms the day falling three (3) Business Days after the Final Delivery Date, or (b) where Cash Settlement is specified as applicable in the applicable Final Terms, if ‘Single Valuation Date’ is specified in the applicable Final Terms, the date that is the number of Business Days specified in the Final Terms after the Credit Event Determination Date or, if the number of Business Days is not so specified, five (5) Business Days after the Credit Event Determination Date, and if ‘Multiple Valuation Dates’ is specified in the applicable Final Terms, each of the following dates:

- (i) the date that is the number of Business Days specified in the applicable Final Terms after the Credit Event Determination Date (or, if the number of Business Days is not specified, five (5) Business Days); and



- (ii) each successive date that is the number of Business Days specified in the applicable Final Terms (or if the number of Business Days is not so specified, five (5) Business Days) after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When 'Multiple Valuation Dates' is specified in the applicable Final Terms, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the applicable Final Terms (or, if the number of Valuation Dates is not so specified, five (5) Valuation Dates).

If neither Single Valuation Date nor Multiple Valuation Dates is specified in the applicable Final Terms, Single Valuation Date shall apply.

**Valuation Method:**

- (i) The following Valuation Methods may be specified in the applicable Final Terms for a Series with only one Reference Obligation and only one Valuation Date:
  - (A) **Market** means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or
  - (B) **Highest** means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Highest.

- (ii) The following Valuation Methods may be specified in the applicable Final Terms for a Series with only one Reference Obligation and more than one Valuation Date:
  - (A) **Average Market** means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or
  - (B) **Highest** means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or
  - (C) **Average Highest** means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Average Highest.

- (iii) The following Valuation Methods may be specified in the applicable Final Terms for a Series with more than one Reference Obligation and only one Valuation Date:
  - (A) **Blended Market** means the unweighted arithmetic mean of the Market Value for each Reference Obligation determined by the Calculation Agent with respect to the Valuation Date; or

- (B) **Blended Highest** means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent for each Reference Obligation with respect to the Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Blended Highest.

- (iv) The following Valuation Methods may be specified in the applicable Final Terms for a Series with more than one Reference Obligation and more than one Valuation Date:

- (A) **Average Blended Market** means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Market Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date; or

- (B) **Average Blended Highest** means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Highest Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Average Blended Highest.

Notwithstanding paragraphs (i) to (iv) above, if Quotations include Weighted Average Quotations or fewer than two (2) Full Quotations, the Valuation Method shall be Market, Average Market, Blended Market or Average Blended Market, as the case may be.

**Valuation Time**

means the time specified as such in the applicable Final Terms or, if no time is so specified, 11.00 a.m. in the principal trading market for the Reference Obligation.

**Weighted Average Quotation**

means in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation with an Outstanding Principal Balance of as large a size as available but less than the Quotation Amount (but, if a Minimum Quotation Amount is specified in the applicable Final Terms, of a size equal to the Minimum Quotation Amount or, if quotations of a size equal to the Minimum Quotation Amount are not available, quotations as near in size as practicable to the Minimum Quotation Amount) that in aggregate are approximately equal to the Quotation Amount.

(k) ***Credit Event Notice after Restructuring Credit Event***

If Condition 10(k) is specified as applicable in the applicable Final Terms, then, notwithstanding anything to the contrary in these Terms and Conditions, upon the occurrence of a Restructuring Credit Event during the Notice Delivery Period:

- (i) the Calculation Agent may deliver a Credit Event Notice in respect of an amount (the **Partial Redemption Amount**) that is less than the principal amount outstanding of each Note immediately prior to the delivery of such Credit Event Notice. In such circumstances the provisions of Condition 10 shall be deemed to apply to the Partial Redemption Amount only and each such Note shall be redeemed in part (such redeemed part being equal to the Partial Redemption Amount).
- (ii) For the avoidance of doubt (i) the principal amount of each such Note not so redeemed in part shall remain outstanding and interest shall accrue on the principal amount outstanding of such Note as provided in Condition 4 (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate), (ii) the provisions of Condition 11 shall apply to such principal amount outstanding of such Note in the event that subsequent Credit Event Notices are delivered in respect of the Reference Entity that was the subject of the Restructuring Credit Event and (iii) once a Credit Event Notice with respect to a Restructuring Credit Event has been delivered in respect of a Reference Entity, no further Credit Event Notices may be delivered in respect of any Reference Entity other than the Reference Entity that was the subject of the Restructuring Credit Event.
- (iii) If the provisions of this Condition 10(k) apply in respect of the Notes, on redemption of part of each such Note the relevant Note or, if the Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such part redemption.

(l) ***Provisions relating to Multiple Holder Obligation***

If Condition 10(l) is specified as applicable in the applicable Final Terms, notwithstanding anything to the contrary in the definition of Restructuring and related provisions, the occurrence of, agreement to, or announcement of, any of the events described in subparagraphs (i) to (v) of the definition of 'Restructuring' shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

**Multiple Holder Obligation** means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to 66 and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event.

(m) ***Calculation Agent and Calculation Agent Notices***

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to this Condition 10 shall (in the absence of manifest error) be final and binding on the Issuer and the Noteholders. Whenever the Calculation Agent is required to make any determination it may, inter alia, decide issues of construction and legal interpretation. In performing its duties pursuant to the Notes, the Calculation Agent shall act in its sole and absolute discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and neither the Calculation Agent nor the Issuer shall, in the absence of wilful misconduct and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

## **11. Payments**

### **(a) *Method of Payment***

Subject as provided below:

- (i) payments in a currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option and responsibility of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Wellington, respectively);
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option and responsibility of the payee, by a euro cheque.

All payments are subject in all cases to any fiscal or other regulations applicable thereto in the place of payment.

### **(b) *Presentation of Definitive Notes, Receipts and Coupons***

Payments of principal in respect of Definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Notes, and payments of interest (if any) in respect of Definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Coupon, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of Definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Notes in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Note to which it appertains. Receipts presented without the Definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons failing to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten (10) years after the relevant due date in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 13) or, if later, five (5)

years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no Coupons will be issued in respect thereof.

Upon the date on which any Definitive Note becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for Coupons shall be made in respect thereof.

If the due date for redemption of any Definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Note.

(c) ***Payments in respect of Global Notes***

Payments of principal and interest (if any) in respect of Bearer Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented or surrendered and such record shall be prima facie evidence that the payment in question has been made.

(d) ***Payments in respect of Registered Notes***

- (i) Payments of principal (which for the purposes of this Condition 11(d) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 11(d) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth DTC business day before the due date for payment thereof (the **Record Date**). For the purpose of this Condition 11(d), **DTC business day** means any day on which DTC is open for business. Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a bank mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency specified by the payee with a bank in the principal financial centre for such currency, or in the case of euro, in a city in which banks have access to the TARGET System and in the case of Japanese yen, the transfer shall be to a non-resident Japanese yen account with a bank in Japan (in the case of payment to a non-resident of Japan).
- (iii) Payments through DTC: Registered Notes, if specified in the relevant Final Terms, will be issued in the form of one or more Global Certificates and may be registered in the name of, or in the name of a nominee for, DTC. Payments of principal and interest in respect of Registered Notes denominated in U.S. Dollars will be made in accordance with (i) and (ii)

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

(e) ***General provisions applicable to payments***

The holder of a Global Note or Global Certificate shall be the only person entitled to receive payments in respect of Notes represented by such Global Note or Global Certificate and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note or Global Certificate in respect of each amount so paid. Each of the persons shown in the records of DTC, Euroclear or Clearstream as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Certificate must look solely to DTC, Euroclear or Clearstream as the case may be, for his share of each payment so made by, or on behalf of, the Issuer to, or to the order of, the holder of such Global Note or Global Certificate.

Notwithstanding the foregoing provisions of this Condition 11, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. Dollars, such U.S. Dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. Dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due; and
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. Dollars;
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer; and
- (iv) in the case of any payment in respect of a Note represented by a Global Certificate that is denominated in a Specified Currency other than U.S. Dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Global Certificate) has elected to receive part of such payment in U.S. Dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

(f) ***Payment Day***

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, 'Payment Day' means any day which is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) the relevant place of presentation;
  - (B) London;
  - (C) any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payment and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Wellington, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET System is open.

**12. Taxation**

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

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

Netherlands other than by reason only of the holding of such Note, Receipt or Coupon or the receipt of the relevant payment in respect thereof;

- (iv) by or on behalf of a Holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that a third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note, Receipt or Coupon is presented for payment;
- (v) where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to the European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such mentioned Directive;
- (vi) (except in the case of Registered Notes) by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt, Coupon or Talon to another Paying Agent in a Member State of the EU, not obliged to withhold or deduct tax pursuant to the EC Directive as mentioned under Condition 12(v);
- (vii) more than 30 days after the Relevant Date except to the extent that the Holder thereof would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of 30 days; or
- (viii) if it is provided in the applicable Final Terms that the Notes are "Domestic Notes" for the purpose of this Condition.

References in these Conditions to (i) 'principal' shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Fund Linked Redemption Amounts, Credit Event Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 11 or any amendment or supplement to it, (ii) 'interest' shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) 'principal' and/or 'interest' shall be deemed to include any additional amounts that may be payable under this Condition.

### **13. Prescription**

Claims against the Issuer for payment of principal or interest in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within five (5) years from the date on which such payment first becomes due.

### **14. 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 and the Issuer declare such Note to be forthwith due and payable, whereupon the Early Redemption Amount 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 interest or principal in respect of any of the Notes; or
- (ii) the Issuer fails to perform or observe any of its other obligations pursuant to the Notes and such failure continues for the period of 60 days next following the service on the Issuer of notice requiring the same to be remedied; or



- (iii) the Issuer fails in the due repayment of borrowed money which exceeds euro 35,000,000 or its countervalue and such failure continues for a period of 30 days after notice of such failure has been received by the Issuer or the Issuer fails to honour any guarantee or indemnity in excess of euro 35,000,000 or its countervalue and such failure continues for a period of 30 days after notice of such failure has been received by the Issuer provided that in each case no Event of Default shall be deemed to have occurred if the Issuer 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 the 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 op het Financieel Toezicht*), as modified or re-enacted from time to time, of the Netherlands 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).

## 15. Agents

The Issuing and Paying Agent, the Euroclear Netherlands Fiscal Agent, the Registrar, the Paying Agents, the Transfer Agents, the Exchange Agent and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed on page 312.

The Issuing and Paying Agent, the Euroclear Netherlands Fiscal Agent, the Registrar, the Paying Agents, the Transfer Agents, the Exchange Agent and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder, Receiptholder or Couponholder.

The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent, the Euroclear Netherlands Fiscal Agent, the Registrar, any other Paying Agent, any Transfer Agent, the Exchange Agent or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents provided that the Issuer shall at all times maintain:

- (i) an Issuing and Paying Agent;
- (ii) a Euroclear Netherlands Fiscal Agent;
- (iii) a Registrar in relation to Registered Notes
- (iv) one or more Calculation Agent(s) where the Conditions so require;
- (v) a Transfer Agent(s) in relation to Registered Notes;
- (vi) if and for so long as the Notes are listed on any stock exchange which rules require the appointment of a Paying Agent in any particular place, a Paying Agent having its specified office in the place required by the rules of such stock exchange;
- (vii) a Paying Agent in a member state of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and

- (viii) so long as any of the Registered Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Notes denominated in U.S. Dollars in the circumstances described in Condition 11 or for payment of exchanged amounts under Condition 11(d)(iv) for Notes denominated in Specified Currencies.

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

## **16. Meeting of Noteholders, Modifications and Substitutions**

### **(a) *Meetings of Noteholders***

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by the Issuer or Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of the Maturity Date or redemption of any of the Notes, any Instalment Date or any date for payment of interest or interest amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any interest amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest is shown in the applicable Final Terms, to reduce any such Minimum and/or Maximum Rate of Interest, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Fund Linked Redemption Amount, the Credit Event Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or any adjournment of such meeting or the majority required to pass the Extraordinary Resolution, or (viii) to take any steps that as specified in the applicable Final Terms may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Receiptholders and Couponholders.

These 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 Noteholders, Receiptholders and Couponholders, to all of which each Noteholder, Receiptholder and Couponholder shall, by acceptance thereof, consent.

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

(b) ***Modification and Amendment of Agency Agreement***

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

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

(c) ***Substitution of the Issuer***

(i) The Issuer or any previous substitute of the Issuer under this Condition may, and the Noteholders, Receipholders and the Couponholders hereby irrevocably agree in advance that the Issuer or any previous substitute of the Issuer under this Condition 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 Substitute Debtor and the Issuer or any previous substitute as aforesaid as may be necessary to give full effect to the substitution (together the **Documents**) and (without limiting the generality of the foregoing) pursuant to which the Substitute Debtor shall undertake in favour of each Noteholder to be bound by these Conditions and the provisions of the Agency Agreement as fully as if the 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 or any previous substitute as aforesaid 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 (a) 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 pursuant to the Documents and that all such approvals and consents are in full force and effect and (b) 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) Condition 14 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.

- (ii) 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 paragraph (iv) below, the Substitute Debtor shall be deemed to be named in the Notes and Coupons as the principal debtor in place of the Issuer as issuer (or of any previous substitute under these provisions) and the Notes and Coupons shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents together with the notice referred to in paragraph (iv) below shall, in the case of the substitution of any other company as principal debtor, operate to release the Issuer as issuer (or such previous substitute as aforesaid) from all of its obligations as principal debtor in respect of the Notes and Coupons.
- (iii) The Documents referred to in paragraph (i) above shall be deposited with and held by the Fiscal Agent for so long as any Notes remain outstanding and for so long as any claim made against the Substitute Debtor or the Issuer by any Noteholder, Receiptholder and Couponholder 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, Receipts and Coupons or the Documents.
- (iv) Not later than 15 Business Days after the execution of the Documents, the Substitute Debtor shall give notice thereof to the Noteholders and Euronext Amsterdam in accordance with Condition 19. A supplement to the Offering Circular concerning the substitution of the Issuer shall be prepared.
- (v) For the purposes of this Condition 16, 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.

## **17. Replacement of Notes, Certificates, Receipts, Coupons and Talons**

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

## **18. Increase and Further Issues**

- (a) Unless specified otherwise in the applicable Final Terms, the Issuer may, at any time without the consent of the Noteholders, Receiptholders or Couponholders, prior to the Issue Date increase or decrease the aggregate nominal amount of Notes to be issued following the period in which the Notes were offered.

- (b) Unless specified otherwise in the applicable Final Terms, the Issuer may at any time without the consent of the Noteholders, Receiptholders or Couponholders create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

If the Issuer issues further Notes of the same Series during the initial 40 day restricted period applicable to outstanding Notes of such Series, then such 40 day period will be extended until 40 days after the later of the commencement of the offering and the Issue Date of such further issue of Notes.

In addition, if the Issuer issues further Notes of the same Series after the expiration of the 40 day restricted period, a new 40 day restricted period will be applied to such further issue of Notes without applying to the outstanding Notes. After the expiration of the new 40-day restricted period, all such Notes will be consolidated with and form a single Series with the outstanding Notes.

## 19. Notices

Notices to the holders of Registered Notes shall be published in accordance with the procedure set out in this Condition for Bearer Notes and shall be mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

All notices regarding Notes will be deemed to be validly given if published (i) in a leading Dutch language daily newspaper of general circulation in Amsterdam (which is expected to be *Het Financieele Dagblad*) and (ii) if and for so long as the Notes are listed on Euronext Amsterdam, in the Daily Official List of Euronext Amsterdam. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or another relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any Definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream and/or DTC, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream and/or DTC, for communication by them to the Noteholders and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or another relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange or another relevant authority). Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear and/or Clearstream and/or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relevant Note or Notes, with the Fiscal Agent or the Registrar, as the case may be. Whilst any of the Notes are represented by a Global Note, such notice may be given by any accountholder to the Fiscal Agent through Euroclear and/or Clearstream or Euroclear Netherlands or DTC as the case may be, in such manner as the Fiscal Agent or the Registrar and Euroclear and/or Clearstream or Euroclear Netherlands or DTC, as the case may be, may approve for this purpose.

## **20. Governing Law and Jurisdiction**

### **(a) *Governing Law***

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

### **(b) *Jurisdiction***

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

### **(c) *Service of Process***

The Issuer irrevocably appoints its New York branch at 245 Park Avenue, New York, New York 10167 as its agent in New York to receive, for it and on its behalf, service of process in any Proceedings in New York. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in New York City, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 19. Nothing shall affect the right to serve process in any manner permitted by law.

## FORM OF THE NOTES

### Initial Issue of Notes

Each Tranche of Notes in bearer form will be initially represented by a Temporary Global Note, in bearer form without coupons, which will be deposited on behalf of the subscribers of the relevant Notes (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream with a common depositary (the **Common Depositary**) for Euroclear and Clearstream, or (b) in the case of a Tranche intended to be cleared through Euroclear Netherlands, with Euroclear Netherlands, or (c) in the case of a Tranche intended to be cleared through a clearing system, as otherwise agreed between the Issuer and the relevant Dealer(s), on or about the issue date of the relevant Notes. No interest will be payable in respect of a Temporary Global Note except as provided below. Upon deposit of the Temporary Global Note with the Common Depositary, Euroclear or Clearstream will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed.

Upon registration of the Registered Notes in the name of the nominee for Euroclear and/or Clearstream and delivery of the relevant Global Certificate to the Common Depositary, Euroclear or Clearstream will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

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

Any payment due in respect of a Global Note or a Global Certificate will be made to each of Euroclear, Clearstream or DTC in respect of the portion of the Global Note or a Global Certificate held for its account. An accountholder with Euroclear or Clearstream with an interest in a Temporary Global Note will be required, in order to have credited to its account any portion of any payment, to present a certificate in the form set out in the Agency Agreement substantially to the effect that the beneficial owner of the relevant interest in the Global Note is not within the United States or a U.S. person (as such terms are defined by the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder).

### Relationship of Accountholders with Clearing Systems

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

### Exchange

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

- (i) if the applicable Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable, in whole, but not in part, for the Definitive Notes defined and described below; and
  - (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a Permanent Global Note or, if so provided in the applicable Final Terms, for Definitive Notes.
2. *Permanent Global Notes.* Each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under ‘Partial Exchange of Permanent Global Notes’, in part for Definitive Notes:
- (a) unless principal in respect of any Notes is not paid when due, by the Issuer giving notice to the Noteholders and the Fiscal Agent of its intention to effect such exchange; or
  - (b) if the applicable Final Terms provide that such Global Note is exchangeable at the request of the holder, by the holder giving notice to the Fiscal Agent of its election for such exchange; or
- otherwise, (1) if the Permanent Global Note is held on behalf of Euroclear or Clearstream or any other clearing system (an **Alternative Clearing System**) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (2) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.
3. *Global Certificates.* Interests in a Global Certificate will be exchangeable (free of charge), in whole but not in part, for Definitive Certificates without receipts, interest coupons or talons attached only upon the occurrence of a Registered Note Exchange Event. For these purposes, **Registered Note Exchange Event** means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act or (iii) in the case of Notes registered in the name of a nominee for a common depository for Euroclear and Clearstream, the Issuer has been notified that both Euroclear and Clearstream have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 19 if a Registered Note Exchange Event occurs. In the event of the occurrence of a Registered Note Exchange Event, DTC, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar. :
4. *Partial Exchange of Permanent Global Notes.* For so long as a Permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the applicable Final Terms) relating to Partly Paid Notes.
5. *Delivery of Notes.* On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate nominal amount equal to that of the



whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. In this Offering Circular, **Definitive Notes** means, in relation to any Global Note, the definitive Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each Permanent Global Note, the Issuer will, if the Holder so requests, procure that it is cancelled and returned to the Holder together with the relevant Definitive Notes.

6. *Exchange Date.* **Exchange Date** means, in relation to a Temporary Global Note, the day falling on or after the expiry of 40 days after the later of the commencement of its offering and its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.
7. *Legend.* Each Temporary Global Note, Permanent Global Note and any Definitive Note, Receipt, Coupon or Talon issued in compliance with the D Rules under TEFRA 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 or any related Coupons.

Each Global Certificate and each Certificate issued in exchange for a beneficial interest in a Global Certificate will bear a legend applicable to purchasers who purchase the Registered Notes pursuant to Rule 144A as described under ‘Transfer Restrictions’.

## **Amendment to Conditions**

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

- *Payments.* No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Notes or Definitive Certificates is improperly withheld or refused. Payments on any Temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes.

- *Prescription.* Claims against the Issuer in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) will become void unless made within a period of five (5) years from the date on which such payment first becomes due.
- *Meetings.* The holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall (unless such Permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Permanent Global Note shall be treated as having one vote in respect of each minimum Specified Denomination of Notes for which such Global Note may be exchanged. (All holders of Registered Notes are entitled to one vote in respect of each minimum Specified Denomination of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)
- *Cancellation.* Cancellation of any Note represented by a Permanent Global Note or Global Certificate that is required to be cancelled will be effected by reduction in the nominal amount of the relevant Permanent Global Note or Global Certificate.
- *Purchase.* Notes represented by a Permanent Global Note or Global Certificate may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.
- *Issuer's Option.* Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note or Global Certificate shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of DTC, Euroclear or Clearstream or any other clearing system (as the case may be).
- *Events of Default.* Each Global Note and Global Certificate provides that the holder thereof may cause such Global Note or Global Certificate, or a portion of it, to become due and repayable in the circumstances described in Condition 11 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note or Global Certificate that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer under the terms of a Covenant executed by the Issuer on 24 December 2007 to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes represented by such Global Certificate, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.
- *Notices.* So long as any Notes are represented by a Global Note or Global Certificate and such Global Note or Global Certificate is held on behalf of a clearing system, notices to the Noteholders of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate except that so long as the Notes are listed on Euronext Amsterdam and the rules of that exchange so require, notices shall also be published in the Daily Official List of Euronext Amsterdam.

### **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.

## CLEARING AND SETTLEMENT

### **Book-Entry Ownership**

#### ***Registered Notes***

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

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

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

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

All Registered Notes will initially be in the form of a Global Certificate. Individual Certificates will only be available in amounts of USD 100,000 (or its equivalent rounded upwards as agreed between the Issuer and the relevant Dealer(s)), or higher integral multiples of USD 1,000, in certain limited circumstances described below.

#### ***Transfers of Registered Notes***

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

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

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

Cross-market transfers between accountholders in Clearstream or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream and Euroclear, on the other, transfers of interests in the relevant Global Certificates will be effected through the Fiscal Agent, the custodian and the Registrar receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Certificate resulting in such transfer and (ii) two business days after receipt by the Fiscal Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

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

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

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

Euroclear and Clearstream each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

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

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

### ***Individual Certificates***

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

- (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual Certificates; and
- (ii) a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual Certificates issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

### ***Pre-issue Trades Settlement***

It is expected that delivery of Notes will be made against payment therefor on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 of the SEC under the Exchange Act, trades in the United States secondary market generally are required to settle within three business days (T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Registered Notes in the United States on the date of pricing or the next succeeding business days until the relevant Issue Date will be required, by virtue of the fact that the Notes initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes who wish to trade Notes between the date of pricing and the relevant Issue Date should consult their own adviser.

## DESCRIPTION OF BUSINESS OF THE RABOBANK GROUP

*Unless the context otherwise requires, references in this summary to ‘our’, ‘we’, ‘us’, the ‘Rabobank Group’, ‘Rabobank’ or the ‘Group’ are to Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) and its members, subsidiaries and affiliates. Rabobank Nederland is a trading name of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. Rabobank Structured Products is a defined name for the purposes of this Offering Circular and the Structured Medium Term Note Programme of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.*

### 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 2007, 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 1981) and Standard & Poor’s (AAA since 1981). On a consolidated basis, our total assets were € 592 billion at 30 June 2007. At 30 June 2007, we had 54,044 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 183 local Rabobanks and 1,193 branches located throughout the Netherlands at 30 June 2007. The local Rabobanks are themselves cooperative entities that draw all of their members from their customers. See ‘The Rabobank Group Structure’.

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

Historically, we 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 2007 through 30 June 2007, we had a market share of 29.0% of new home mortgages in the Dutch mortgage market (23.1% by local Rabobanks and 5.9% by Obvion N.V. ('Obvion'); source: Dutch Land Registry Office (*Kadaster*)). In 2006, we had an 84% market share of loans and advances made by banks to the Dutch primary agricultural sector (measured by our own surveys). In 2006, we also had a 38% market share of domestic loans to the trade, industry and services sector (i.e., small enterprises with less than 100 employees; measured by our own surveys). In the first six months of 2007 we had a 40% 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 six months ended 30 June 2007, our Domestic Retail Banking operations accounted for 54%, or € 895 million, of our operating profit before taxation<sup>17</sup>.

## 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

<sup>17</sup> 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% of consolidated operating profit before taxation.



both domestic and international corporate clients. Rabobank International is also responsible for the international retail operations. For the six months ended 30 June 2007, our Wholesale and International Retail Banking operations accounted for 43%, or € 712 million, of our operating profit before taxation.

### **Asset Management and Investment**

We provide asset management, investment and private banking services to private, institutional and corporate investors through a number of subsidiaries. Robeco is the competence centre for asset management services within the Rabobank Group, offering financial products and services to our Asset Management and Investment operations. Schretlen operates our private banking activities in the Netherlands and internationally private banking and institutional clients are serviced by Sarasin in which Rabobank holds a majority stake (69% voting rights). The internet-brokerage activities are conducted under the trade name Alex. Alex provides investment services to its clients via the internet. For the six months ended 30 June 2007, our Asset Management and Investment operations accounted for 15%, or € 241 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 30 June 2007, De Lage Landen had a loan portfolio of approximately €20.2 billion. Operating profit before taxation from our Leasing operations, at € 143 million, accounted for 9% of our operating profit before taxation for the six months ended 30 June 2007.

### **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, investment management activities and commercial real estate financing (FGH Bank). For the six months ended 30 June 2007, our Real Estate operations accounted for 6%, or € 94 million, of our operating profit before taxation. 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**

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 together have a network of 78 branches, sub-branches and cash offices.

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 US\$ 37 per share in cash, or a total purchase price of US\$ 857 million. At the end of April 2007, Mid-State Bank & Trust's total loans amounted to US\$1.58 billion and total assets to US\$2.37 billion. In September 2007 Mid-State Bank & Trust changed its name to Rabobank N.A.

Robeco

On 22 February 2007, Rabobank through Robeco acquired a 64% 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% subsidiary of Rabobank, completed the acquisition of 49% in Zambia National Commercial Bank PLC (Zanaco), as part of the Rabobank Development Program. At the end of 2005, Zanaco had total assets of US\$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.

## Rabobank sells Alex Beleggersbank

On 31 October 2007 Rabobank Nederland announced to sell Alex Beleggersbank, for €390 million, to the listed internet broker BinckBank. The sale of Alex Beleggersbank is the outcome of a thorough exploratory process following Rabobank's announcement in March 2007 that it wished to review Alex's possibilities inside and outside the group. Closing of the transaction is scheduled to take place on 31 December 2007.

## Issue of Capital Securities

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

## Status of financial markets

In the beginning of the second half of 2007, world financial markets have been affected as a result of rising default levels on sub-prime mortgages in the United States. These circumstances have resulted in a reappraisal of risk and increased liquidity risk. Management considers the Rabobank Group to have minimal exposure to sub-prime mortgages in the United States, of which approximately 99.0 per cent are triple A- and double A-rated paper. Rabobank has, at the date of this Offering Circular, encountered no disruption in its ability to refinance maturing paper from conduits due to the quality of the relevant underlying assets, and management believes that due to Rabobank's strong liquidity position and diversified funding structure these market developments to date have had no material adverse impact on the operations or position (financial or otherwise) of the Rabobank Group, and will not have a material adverse impact on the expected 2007 results or Tier 1 ratio of the bank.

## Tango Finance Limited

On 6 December 2007 Rabobank announced that it has agreed to a plan which, on full implementation, would result in Rabobank taking the remaining assets of Tango Finance Limited (Tango), a structured investment vehicle (SIV), which Rabobank sponsors, onto its balance sheet. Tango, in common with all SIV's, has faced funding challenges in recent months. Despite market conditions, it has funded itself successfully until late January 2008 through a combination of asset sales, repo transactions and allowing income note investors to redeem income notes in exchange for buying portfolios of assets. As a result, Tango now has €5.2 billion in cash assets, down from €9.7 billion in July 2007. The Tango portfolio is of high quality with only minimal exposure to collateralised debt obligations or asset backed securities (CDO's or ABS) and sub-prime mortgages in the United States.

The impact on the balance sheet Rabobank and its solvency is not material; the assets are of high quality and are less than 1 per cent. of the Rabobank's total balance sheet (June 2007).

## 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). De Lage Landen is a participant in the so-called Cross Guarantee System as referred to below in the Chapter on Rabobank Group Structure.

### **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 triple A 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/Achmea<sup>18</sup> 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

<sup>18</sup> Eureko B.V. ('Eureko') is a privately owned financial group providing insurance services. Its registered office is Handelsweg 2, 3707 NH Zeist, the Netherlands. As at 30 November 2007, the Rabobank Group held 38.20% of the ordinary shares in Eureko. As at December 31, 2006, Eureko had total equity of €9,629.5 million, of which no amount remained to be paid up. As at December 31, 2006 Eureko held 285.2 million of its shares as treasury stock. In the year ended December 31, 2006, the Rabobank Group received dividends totalling €167,033,000 from Eureko. As at December 31, 2006 the Rabobank Group's interest in Eureko was €2,625 million. Eureko's audited financial statements for the year ended December 31, 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.

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 must 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 Southeastern Europe with a growing agricultural 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 has been the case 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 triple A 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% 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 at building 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%;
- A Tier I capital adequacy ratio of at least 10.0;
- Return on equity of at least 10.0% 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 Burgerlijk Pensioenfonds.

At 30 June 2007 we had a 40% 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 six months ended 30 June 2007, our Domestic Retail Banking operations accounted for 50%, or € 2,866 million, of our total income and 54%, or € 895 million, of our operating profit before taxation. At 30 June 2007, our Domestic Retail Banking operations employed 29,325 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%. 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 1,193 branches (the most branches of any financial institution in the Netherlands), 3,139 cash dispensing machines in public locations, servishops, agencies and other points of contact as of 30 June 2007, the local Rabobanks have 3,106 points of contact. Through the local Rabobanks and Obvion, we are the largest mortgage lending institution in the Netherlands, with a market share of 29.0%, based on the amount of new Dutch residential mortgages in the first six months of 2007. We are the leader in loans to the Dutch

agricultural sector and in the small and medium-sized business sector. At 30 June 2007, € 232.2 billion of our total private sector lending or approximately 68%, was granted by Domestic Retail Banking. Loans made by the Wholesale and International Retail Banking business amounted to € 80.1 billion or 23% 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.

(in billions of euro)	30 June 2007	31 December 2006	31 December 2005
Mortgage loans	229.5	221.0	200.7
Food and agri sector	55.8	52.5	48.2
Small and medium sized business sector	113.6	105.5	83.3
Savings	96.2	89.5	86.2

With 40% of the Dutch savings market as of 30 June 2007, we are also the largest savings institution in the Netherlands measured as a percentage of the amount of deposits (source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*)). Of the total savings in the Netherlands, 38% are held by the local Rabobanks and 2% are held with Roparco, the savings arm of Robeco. We offer our clients a number of different savings options, including savings via the telephone and the internet. The [www.rabobank.nl](http://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 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 30 June 2007 stood at 5.9% (source: Dutch Land Registry Office (Kadaster)).

#### ***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 six months ended 30 June 2007, our Wholesale and International Retail Banking operations accounted for 29%, or € 1,649 million, of our total income and 43%, or € 712 million, of our operating profit before taxation. At 30 June 2007, our Wholesale and International Retail Banking operations employed 9,783 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 30 June 2007, following earlier acquisitions in Australia and New Zealand in the 1990s and the former state-owned Irish ACC Bank and Valley Independent Bank in the United States in 2002, we are continuing to expand our country banking model on a global scale. In 2003, we strengthened our position as a leading lender to rural clients in Australia and New Zealand through the purchase of the rural lending portfolio of the New Zealand bank AMP Bank Limited. In order to sustain the platform for further growth in the Australian market, we decided to continue the activities of Primary Industry Bank of Australia under the Rabobank brand and its official name has become Rabobank Australia Limited.

Also in 2003, we acquired two banks in the United States: Lend Lease Agri-Business and Ag Services of America, Inc. Lend Lease Agri-Business now operates under the name Rabo AgriFinance and offers longterm financing to agricultural enterprises in the United States, secured by land and the buildings erected on it. In December 2004, we acquired a 35% 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 April 2007 Rabobank International acquired the shares of Mid State Bancshares. 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 17% of Rabobank International's total income in the first six months of 2007.

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

We provide asset management and investment services to private, institutional and corporate investors primarily through the following subsidiaries: Robeco (asset management), Schretlen (private banking), Alex (internet broker) and Sarasin (private banking). For the six months ended 30 June 2007, our Asset Management and Investment operations accounted for 13%, or € 715 million, of our total income and 15%, or € 241 million, of our operating profit before taxation. At 30 June 2007, our Asset Management and Investment operations employed 3,372 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 € 147.9 billion in assets under management at 30 June 2007. In 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% equity interest in Robeco.

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

As the asset management specialist for the high net-worth clients of the local Rabobanks, Schretlen undertakes our private banking activities both in the Netherlands and internationally. Schretlen's operations are headquartered in Amsterdam, the Netherlands. Schretlen's services are available to private individuals with a minimum of € 500,000 freely available for investment. In addition, Schretlen, in cooperation with the local Rabobanks, offers a standardised form of asset management, Rabobank Managed Investment, for private individuals with a minimum of € 150,000 in assets managed. The local Rabobanks, by using the standardised form of asset management, can offer their clients the choice of five standard investment portfolios, each managed by Schretlen and each with varying levels of risk. In addition, Schretlen focuses on small and medium-sized institutional investors. Schretlen had approximately € 8.4 billion in assets under management at 30 June 2007.

#### ***Bank Sarasin & Cie AG***

In 2002, we acquired a 28% equity stake in Bank Sarasin & Cie AG ('Sarasin'), corresponding with 16.31% of the voting rights in Sarasin, with the option to increase our stake to a majority stake at any time before 30 June 2009. In December 2006 we exercised the option and purchased another 18% of equity corresponding with 52% of the voting rights. We now hold 46% of Sarasin's equity capital and approximately 69% of its voting rights. Sarasin offers investment consultancy and portfolio management services to private persons in Switzerland. At 30 June 2007, Sarasin had approximately CHF 84 billion in assets under management.

#### ***Alex***

Alex is 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 € 4,9 billion in assets under management at 30 June 2007.

### ***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 30 June 2007, De Lage Landen had a lease portfolio of approximately € 20.2 billion. Of this amount, € 12 billion was attributable to Europe, € 7.7 billion was attributable to America and € 0.4 billion was attributable to the rest of the world. Operating profit before taxation from our Leasing operations, at € 143 million accounted for 9% of our operating profit before taxation for the six months ended 30 June 2007.

At 30 June 2007, our Leasing operations employed 4,299 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 30 June 2007, FGH Bank had a financing portfolio of approximately € 11.3 billion in the Netherlands.

Operating profit before taxation from our Real Estate operations, at € 94 million, accounted for 6% of our operating profit before taxation for the six months ended 30 June 2007.

At 30 June 2007, our Real Estate operations employed 1,680 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 (29.0% in the first six months of 2007; source: Dutch Land Registry Office (*Kadaster*)), private savings (40% as of 30 June 2007; source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*)), small and medium-sized enterprises (38% in 2006, based on our own surveys) and the agricultural sector (84% 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 ('CLA').

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 30 June 2007 the Rabobank Group had 59,689 employees (being 54,044 full-time equivalent employees), an increase of 3,480 compared to 31 December 2006 mainly due to acquisitions.

## **Properties**

Rabobank Nederland and the local Rabobanks typically own the land and buildings used in the normal course of their business activities in the Netherlands. Outside the Netherlands, some of the Rabobank Group entities also own the land and buildings used in the normal course of their business activities. At 30 June 2007, the local Rabobanks owned 1,193 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 July 2007 from the Swiss-based Socially Responsible Investment (SRI) research organisation Siri Company Ltd., the Rabobank Group ranked among the international banking leaders in the area of sustainability.

## **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.

Stutts, et al. v. The De Dietrich Group, et al. In 2003, the Rabobank Group was named a defendant in Stutts, et al. v. The De Dietrich Group, et al. as filed in the U.S. District Court for the Eastern District of New York. In the suit, certain U.S. veterans of the first Gulf War alleged that they sustained injuries as a result of the Rabobank Group, along with certain other banks, having served as a correspondent bank with respect to letters of credit obtained by the Iraqi government in order to purchase materials that may have been used in the manufacture of chemical weapons. Rabobank Group has been successfully dismissed as a party to the suit.

### **Insurance**

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

## THE RABOBANK GROUP STRUCTURE

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), having its statutory seat in Amsterdam, is a cooperative entity formed primarily as a result of the merger of the two largest banking cooperative entities in the Netherlands, and was incorporated in the Netherlands with unlimited duration on 22 December 1970. A cooperative under Dutch law has members and has the statutory objective to provide for certain material needs of its members. Rabobank Nederland was registered with the Trade Register of the Chamber of Commerce in Utrecht, the Netherlands in December 1970 under number 30046259. The executive offices are located at Croeselaan 18, 3521 CB Utrecht, the Netherlands. The telephone number is +31 (0)30 2160000.

Membership in Rabobank Nederland is open only to cooperative banks whose articles of association have been approved by Rabobank Nederland. In addition to being a member of Rabobank Nederland, each local Rabobank has shares in Rabobank Nederland. 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% 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. Finally, Rabobank Nederland operates its own banking business, both complementary to and independent of the business of the local Rabobanks and is the holding company of various subsidiaries.

The local Rabobanks are organised as cooperative entities under Dutch law and draw all of their members from their customers. Through mergers, the number of local Rabobanks has decreased from 188 at 31 December 2006 to 183 at 30 June 2007. At 30 June 2007, the local Rabobanks had approximately 1,680,000 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.

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

### **Internal Liability (Cross-guarantee system)**

Through their mutual financial association, various legal entities within the Rabobank Group together make up a single organisation. An internal liability relationship exists between these legal entities, as referred to in Article 3:111 of the Financial Supervision Act. This relationship is formalised in an internal ‘cross-guarantee’ system, which stipulates that if a participating institution has insufficient funds to meet its obligations towards its creditors, the other participants must supplement that institution’s funds in order to enable it to fulfil those obligations.

Participating entities within the Rabobank Group are:

- Rabobank Nederland
- the local Rabobanks
- De Lage Landen International B.V.
- De Lage Landen Financiering B.V.
- De Lage Landen Trade Finance B.V.
- De Lage Landen Financial Services B.V.
- Schretlen & Co. N.V.
- Rabohypotheekbank N.V.
- Raiffeisenhypotheekbank N.V.

The local Rabobanks are also parties to several compensation agreements whereby shortfalls of local Rabobanks with respect to equity, profitability, loan loss reserves and financing losses are financed by charging all other local Rabobanks.

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

### **403 Declaration**

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

In addition, Rabobank Nederland provides guarantees in the ordinary course of its business.

Rabobank Nederland’s ‘Central Bank’ Activities

### ***Capital Adequacy and Liquidity***

The cross-guarantee system operates in concert with the regulatory and administrative oversight of the local Rabobanks by Rabobank Nederland. Notwithstanding the fact that Rabobank Nederland and the local Rabobanks are supervised by the Dutch Central Bank on a consolidated basis, based on Article 3:111 of the Financial Supervision Act, Rabobank Nederland has the responsibility for ensuring compliance by the local Rabobanks with the applicable capital adequacy and liquidity regulations. The capital adequacy regulations are intended to preserve a bank’s ability to withstand loan losses and other business risks through reserves and retained earnings. The internal standards actually applied by Rabobank Nederland, however, are more conservative than the regulations promulgated by the law. This policy partly reflects the fact that local Rabobanks, which cannot raise new capital by the issue of shares, can only grow and maintain an appropriate ratio of reserves to total liabilities by making profits. Any local Rabobank whose ratio of reserves to total liabilities fails to meet internal solvency standards is subject to stricter supervision by Rabobank Nederland. In particular, Rabobank Nederland may restrict such local Rabobank’s authority to make lending decisions within the Rabobank Group 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 AFM, 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. 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 1981) and Standard & Poor's (AAA since 1981). 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'.

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% of our total income and 60% 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 reprice at a faster rate than interest-bearing liabilities or the degree to which the spreads on assets or liabilities narrow or widen.

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

### ***Stock Market Fluctuations***

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 a provision against the loan balance in the balance sheet.

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

### ***Trading activities***

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

### ***International Financial Reporting Standards***

As from 2005, Rabobank Group prepares its financial statements in accordance with 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 December 31,			
(in millions of euro)	2006	2005 <sup>19</sup>	2005	2004
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

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

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

**Interest.** Interest income increased by 3% to € 6,472 million compared to € 6,261 million in 2005. Fierce competition in the domestic mortgages market caused interest margins to narrow. Due to the higher interest rates, fewer clients 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% to € 2,296 million compared to € 2,060 million in 2005, mainly due to higher asset management and insurance commissions. The improved investment climate resulted in an increase in assets managed and held in custody.

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

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

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

<sup>19</sup> 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 12.

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

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

*Value adjustments.* Value adjustments, which comprise bad debt expenses and losses incurred on financial assets, declined by 13% to € 450 million compared to € 517 million in 2005 as a result of positive economic developments and a further improvement in the quality of the loans portfolio. The risk-related costs were 20 basis points of the average risk-weighted assets compared to 25 in 2005, which is 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%, compared to 20% in 2005. The reduction in the Dutch corporate income tax rate from 31.5% to 29.6% contributed to the decrease in the effective tax rate. Higher results from the participations in the Gilde funds, which are exempt from taxation, likewise contributed to a lower tax burden. The decrease in the effective tax rate was also partly due to non-recurring tax income.

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

***Year ended December 31, 2005 compared to year ended December 31, 2004 based on the nonrestated figures***

*Total Income.* Total income increased by 2% 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% of total income in 2005 compared to 67% 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%. 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% 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% 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% to € 3,880 million compared to € 3,683 million in 2004, mainly reflecting higher pension expenses. Wages and salaries were 3% 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%, reflecting the growth in the bank's international operations.

*Other administrative expenses.* Other administrative expenses, which include IT costs and rents, were 10% 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% 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% 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 in 2004, equivalent to an effective tax rate of 22.3% compared to 30.1% 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% 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 summarised financial information for the Rabobank Group's Domestic Retail Banking business for the years indicated.

(in millions of euro)	Year ended December 31,			
	2006	2005 <sup>20</sup>	2005	2004
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

<sup>20</sup> 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 12.

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

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

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

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

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

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

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

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

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

**Value adjustments.** The improved economic climate was a major contributor to the 2% 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 in 2005. The reduction in the Dutch corporate tax rate from 31.5% to 29.6% contributed to the decrease in effective tax rate.

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

***Year ended December 31, 2005 compared to year ended December 31, 2004 based on the nonrestated figures.***

**Total Income.** Although the tentative economic recovery which started in the Netherlands in 2004 did not resume until the second half of 2005, income was 5% 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% 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% 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% 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% 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% 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 in 2004.

*Net profit.* Net profit was 35% 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.

(in millions of euro)	Year ended December 31,			
	2006	2005 <sup>21</sup>	2005	2004
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	687	573	573	555

<sup>21</sup> 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 12.

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

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

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

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

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

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

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

**Other administrative expenses.** Partly due to the acquisition of CBCC and the increase in regulations, other administrative expenses were € 191 million higher at € 668 million compared to € 477 million in 2005. The integration of CBCC resulted in an additional charge in 2006. 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% 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% to 29.6% and as a result of higher results from participations in the Gilde funds, which are exempt from taxation.

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

***Year ended December 31, 2005 compared to year ended December 31, 2004, based on the nonrestated figures.***

**Total Income.** Total income was down 2% at € 2,226 million compared to € 2,261 million in 2004, mainly due to fewer major divestments of participating interests by Gilde funds compared with 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% of total income is now generated by retail banking. The food and agri sector accounted for 26% of total income and 55% of total income was generated in Europe, 29% in North and South America and the remainder in Asia, Australia and New Zealand.

**Interest.** Interest increased by 3% to € 1,415 million compared to € 1,374 million in 2004.

*Fees and commission.* Fees and commission increased by 49% 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% to € 1,277 million compared to € 1,357 million in 2004.

*Staff costs.* Staff costs increased by 1% 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% 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% 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 longterm 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 in 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% 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.

(in millions of euro)	Year ended December 31,			
	2006	2005 <sup>22</sup>	2005	2004
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

<sup>22</sup> 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 12.

Operating profit before taxation	285	250	250	186
Taxation	62	76	76	48
Net Profit	223	174	174	138

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

**Total income.** Total income increased by 16% 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% 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% higher at € 551 million compared to € 468 million in 2005, mainly due to the increase in staff costs.

**Staff costs.** Staff costs increased by 19% to € 330 million compared to € 278 million in 2005 as a result of the growth in staff numbers, higher costs of external hires and standard salary increases. At December 31, 2006, Sarasin employed approximately 1,120 FTEs. The additional staff, the expansion of activities and the increased deployment of staff in 'compliance projects' caused the staffing level to increase by 1,328 FTEs to 3,126 FTEs compared to 1,798 FTEs in 2005.

**Other administrative expenses.** Higher marketing costs contributed to the 19% increase in other administrative expenses to € 210 million compared to € 177 million in 2005.

**Depreciation.** Depreciation charges decreased by € 2 million to € 11 million compared to € 13 million in 2005 due to lower depreciation of buildings.

**Taxation.** Taxation amounted to € 62 million compared to € 76 million to 2005. This decrease was due to the reduction in the Dutch corporate income tax rate from 31.5% to 29.6% and due to incidental tax income in 2006.

**Net profit.** The asset management activities achieved an increase in net profit of 28% to € 223 million compared to € 174 million in 2005.

***Year ended December 31, 2005 compared to year ended December 31, 2004 based on the nonrestated figures.***

**Income.** Income increased by 10% to € 718 million in 2005 compared to € 653 million in 2004. Higher fees and commission were responsible for the income growth.

**Interest.** Interest decreased by 15% 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% 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% to 1,798. Discounting this disposal, the number of FTEs showed little change in 2005.

*Other administrative expenses.* Other administrative expenses were 2% 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 in 2004. This increase was due to stronger operating profit before taxation and incidental tax income in 2004.

*Net profit.* Net profit grew by 26% to € 174 million compared to € 138 million in 2004. The improved result was the product of 10% 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.

(in millions of euro)	Year ended December 31,			
	2006	2005 <sup>23</sup>	2005	2004
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

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

*Total Income.* The 17% increase in total income to € 842 million compared to € 719 million in 2005 was mainly attributable to the growth in other income.

*Interest.* Interest margins were depressed by higher short-term interest rates, causing interest income to decline by 1% to € 507 million compared to € 514 million in 2005.

<sup>23</sup> 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 12.

**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% increase in other income to € 286 million compared to € 158 million in 2005.

**Operating expenses.** Operating expenses increased by 26% to € 494 million compared to € 392 million in 2005, largely due to higher staff costs. Compliance with regulations required significant effort and involved high expenses in 2006.

**Staff costs.** The staff level grew by 36% to 4,128 FTEs compared to 3,045 FTEs in 2005, with staff costs rising by 25% to € 305 million compared to € 244 million in 2005. The staffing level rose, particularly as a result of the acquisition of Athlon - approximately 790 FTEs, excluding CARE (the car repair services which have been sold after the acquisition), as well as organic growth of the activities and the effect of new regulation.

**Other administrative expenses.** In 2006 additional marketing expenses related to the start-up of the Consumer Finance activities contributed to the 26% increase in other administrative expenses to € 168 million compared to € 133 million in 2005.

**Depreciation.** Depreciation charges were € 6 million higher at € 21 million compared to € 15 million in 2005, mainly due to higher software depreciation.

**Value adjustments.** The improved economic conditions and the ongoing improvement in risk control resulted in lower value adjustments, which decreased by 16% to € 77 million compared to € 92 million in 2005. Compared to 2005, risk-related costs declined to 45 basis points of the average lease portfolio compared to 65 in 2005, which is below the 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% 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 December 31, 2005 compared to year ended December 31, 2004, based on the nonrestated figures.***

**Income.** Revenues were up 12% at € 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%, rising to € 514 million compared to € 458 million in 2004.

**Fees and commission.** Fees and commission increased by 31% 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% at € 244 million compared to € 218 million in 2004. The combined effect of 11% 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, a rise of 16% 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.

(in millions of euro)	Year ended December 31,			
	2006	2005 <sup>24</sup>	2005	2004
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

### ***Year ended December 31, 2006 compared to year ended December 31, 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% 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.

<sup>24</sup> 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 12.

**Taxation.** Taxation in 2006 amounted to € 40 million compared to € 30 million to 2005.

**Net profit.** Net profit for 2006 increased by 33% to € 104 million compared to € 78 million in 2005.

***Year ended December 31, 2005 compared to year ended December 31, 2004, based on the nonrestated figures.***

**Total Income.** Total Income increased by 19% 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% higher at € 53 million compared to € 47 million in 2004.

**Operating expenses.** Operating expenses increased by 28% 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, a rise of 22% 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% 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% 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% 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 lower 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% 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% 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:

(in billions of euro and as % of total private sector lending)	At December 31,			
	2006		2005	
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	324.1	100%	278.1	100%

The maturities of loans granted by the Rabobank Group vary from overdraft facilities to thirty-year term loans.

The following table provides a breakdown at 31 December 2006 of the remaining maturity of the Rabobank Group's total outstanding lending (public and private sector) and professional securities transactions:

At December 31, 2006		
(in billions of euro and as % of total loans)		
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	354.9	100%

### **Funding**

At 31 December 2006, due to customers of the Rabobank Group were € 215.9 billion, an increase of 16% compared to 31 December 2005. The balance held in savings accounts increased by € 3.3 billion to €89.5 billion, an increase of 4%, 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 € 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% 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:

(in millions of euro)	At December 31,	
	2006	2005
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	370,235	326,623

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% 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;
- Held-to-maturity assets.

### **Other financial assets at 31 December 2006**

(in millions of euro)	Trading	Other financial assets	Available- for-sale	Held-to- maturity	Total
Purchased loans	2,059	-	-	-	2,059
Short term government paper	730	42	1,072	-	1,844
Government bonds	5,162	311	25,424	1,187	32,084
Other bonds	19,624	13,442	19,714	302	53,082
Total bonds	24,786	13,753	45,138	1,489	85,166
Venture Capital	-	285	-	-	285
Equity instruments	5,742	5,806	1,663	-	13,211
Total shares	5,742	6,091	1,663	-	13,496
Other	3,472	1,582	1,088	-	6,142
Total	36,789	21,468	48,961	1,489	108,707
Listed	31,915	18,631	26,697	1,489	78,732
Unlisted	4,874	2,837	22,264	-	29,975

## Other financial assets at 31 December 2005

(in millions of euro)	Trading	Other financial assets	Available-for-sale	Held-to-maturity	Total
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
<b>Total bonds</b>	27,319	12,287	40,456	1,580	81,642
Venture Capital	-	225	-	-	225
Equity instruments	4,691	4,814	4,616	-	14,121
<b>Total shares</b>	4,691	5,039	4,616	-	14,346
Other	4,471	82	564	328	5,445
<b>Total</b>	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

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

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 December 31,	
	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
<b>Total contingent liabilities</b>	<b>9,079</b>	<b>8,262</b>

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.

(in millions of euro)	At December 31,	
	2006	2005
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	68,460	60,636

### ***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 Central Bank for supervisory purposes.

The Dutch Central Bank, in conjunction with other bank supervisors, regards the risk asset ratio developed by the Basel Committee as a key supervisory tool and sets individual ratio requirements for banks in the Netherlands. This ratio was designed to meet the dual objectives of strengthening the soundness and stability of the international banking system and of creating a fair and consistent supervisory framework for international banks by means of an international convergence of capital measurement and capital standards. The technique involves the application of risk weightings to assets (which for this purpose includes both balance sheet assets and off-balance sheet items) to reflect the credit and other risks associated with broad categories of transactions and counterparties.

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

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

The risk asset approach to capital adequacy emphasises the importance of Tier I (core) capital, comprising primarily Group equity, including the Fund for general banking risks. In determining a bank's risk asset ratio, the rules limit qualifying Tier II supplementary capital to an amount equal to Tier I capital. Tier II capital includes subordinated debt and fixed asset revaluation reserves.



The concept of risk weighting assumes that banking activities generally involve some risk of loss. For risk weighting purposes, commercial lendings are taken as a bench-mark to which a risk weighting of 100% is ascribed. Other transactions, which are considered to present lower levels of risk than commercial lending, may qualify for reduced weightings. Off-balance sheet items are generally converted to credit risk equivalents by applying credit conversion factors laid down by the Basel Committee. The resulting amounts are then risk-weighted according to the nature of the counterparty. As a result, credit substitutes, such as standby letters of credit and acceptances, are allocated the same risk weightings as similar on balance sheet lending, while transaction-related off-balance sheet items, such as performance bonds, are allocated a lower weighting in recognition of the smaller likelihood of loss from these instruments.

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

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

The Tier I ratio and the BIS ratio are the most common ratios used in the financial world to measure solvency. The Tier I ratio expresses the relationship between core capital and total risk-adjusted assets. At 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 comfortably 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***

(in millions of euro, except ratios)	At December 31,	
	2006	2005
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 <sup>25</sup>	0.43%	0.40%	0.39%
Return on Equity <sup>26</sup>	8.57%	8.44%	8.19%
Equity to Assets Ratio <sup>27</sup>	5.09	4.73	4.75

The following table presents information relating to dividends paid on Rabobank Member Certificates for each of the past three years.

(in millions of euro, except percentages)	2006	2005	2004
Outstanding Member Certificates <sup>28</sup>	5,812	4,311	3,854
Payments	277	211	217
Average dividend yield	4.77%	4.89%	5.23%

## 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 December 31,		
(in millions of euro)	2006	2005	2004
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) <sup>29</sup>	354,924	304,451	273,946

<sup>25</sup> Net profit as a percentage of total average assets, based on month-end balances.

<sup>26</sup> Net profit as a percentage of average equity, based on quarterly-end balances.

<sup>27</sup> Average equity divided by average total assets, based on quarterly-end balances.

<sup>28</sup> Average Outstanding Member Certificates based on month-end balances.

<sup>29</sup> 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.

(in millions of euro)	At December 31,		
	2006	2005	2004
Public Sector:			
The Netherlands	480	505	787
Other countries in the Euro zone <sup>30</sup>	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 <sup>31</sup>	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 <sup>32</sup>	324,110	278,095	248,958

### ***Maturities and Interest Rate Sensitivity of Loan Portfolio***

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

(in millions of euro)	On demand	1 - 3 months	4 - 6 months	7 - 9 months	10 - 12 months	2 - 5 years	5 - 10 years	> 10 years	Non-rate sensitive	Total
<i>On balance sheet</i>										
Assets	15.145	43.726	7.604	5.548	5.679	84.037	45.418	17.377	2.896	127.430
Liabilities	11.25	110.991	13.893	4.228	4.267	42.901	2.846	2.184	34.742	227.308
Gap	3.888	(67.265)	(6.289)	1.319	1.412	41.136	42.572	15.193	(31.846)	122
<i>Off balance sheet</i>										
Assets	-	57.780	18.804	203	267	3.141	5.454	673	-	86.322
Liabilities	-	8.080	2.129	780	3.395	30.719	35.894	5.447	-	86.444
Gap after OBS	3.888	(17.564)	10.386	742	(1.717)	13.558	12.132	10.419	(31.846)	-

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.

<sup>30</sup> Excluding the Netherlands.

<sup>31</sup> Excluding the Netherlands.

<sup>32</sup> After provisions for loan losses.

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%.

Short-term interest rate risk is monitored using the income at risk concept. This is the maximum amount of interest income that is put at risk on an annual basis, based on a confidence level of 99.99% and 20 years of historical data. In 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% of total assets in any country where current conditions give rise to liquidity problems which are expected to have a material impact on the timely repayment of interest or principal.

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

(in millions of euro)	Banks	Public Authorities	Private Sector	Total Amount
At 31 December 2006				
France	3,964	1,208	6,486	11,658
Germany	6,868	4,319	6,271	17,458
Ireland	2,410	359	9,965	12,734
United Kingdom	24,617	64	20,365	45,046
United States	11,351	9,156	83,538	104,044
Spain	3,066	1,474	2,024	6,564
Japan	4,708	9,290	830	14,828
Australia	1,306	881	9,014	11,201
At 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) has been 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.

(in millions of euro)	At December 31, 2006		
	On Balance	Off Balance	Total exposure
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
<b>Total Food &amp; Agri</b>	<b>52,497</b>	<b>1,614</b>	<b>54,112</b>
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
<b>Total trade, manufacturing &amp; services</b>	<b>105,499</b>	<b>6,723</b>	<b>112,222</b>
Private individuals	166,114	235	166,349

Total private sector loans	324,110	8,571	332,681
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In addition to advances to other banks (€ 49 billion at 31 December 2006 which is 9% 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% of the total of on-balance private sector loans. Loans of Rabobank Group's portfolio are well diversified across numerous sub-industry sectors. None of these is larger than 10% of total 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 December 31,		
(in millions of euro)	2006	2005	2004 <sup>33</sup>
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
Other	1	18	10
Total Rabobank Group impaired loans	4,355	4,814	4,326

### ***Summary of Loan Loss Experience***

The following table shows the movements in the allocation of the allowance for loan losses on loans accounted for as loans to banks and customers for the past three years.

(in millions of euro)	2006	2005	2004
Balance at January 1:			
Domestic Retail Banking	1,204	1,122	974
Wholesale and International Retail Banking	978	782	853
Asset Management and Investment	3	3	4

<sup>33</sup> The figures of the impaired loans of 2004 based on IFRS are an accounting estimate.

Leasing	193	146	139
Real Estate	30	32	25
Other	30	18	6
	<hr/>		
Total balance at January 1	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
	<hr/>		
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)
Leasing	(76)	(78)	(86)
Real Estate	(3)	(1)	-
Other	-	-	(2)
	<hr/>		
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	-
	<hr/>		
Total other	(17)	136	(10)
Balance at December 31:			
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
	<hr/>		
Total balance at December 31	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 December 31,		
(in millions of euro)	2006	2005	2004
Deposits by businesses:			
Time deposits (non-banks)	46,346	36,162	35,377
Current accounts	41,390	37,343	32,867
Professional securities transactions (repo's securities)	8,107	5,392	3,907
Other	18,781	9,833	13,317
Total deposits by businesses	114,624	88,730	85,468
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	101,344	97,729	92,014
Total deposits by businesses and individuals	215,968	186,459	177,482

### ***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 December 31,		
(in millions of euro)	2006	2005	2004
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.

### Rabobank Group Consolidated Balance Sheet

In EUR million	As at December 31,	
	2006	2005
<b>ASSETS</b>		
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
<b>Total assets</b>	<b>556,455</b>	<b>506,573</b>
In EUR million	As at December 31,	
	2006	2005
<b>LIABILITIES</b>		
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
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
<b>Total liabilities</b>	<b>527,078</b>	<b>480,224</b>
<b>EQUITY</b>		
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 December 31,	
In EUR million	2006	2005
Interest income	25,059	19,716
Interest expense	18,587	13,455
Interest	6,472	6,261
Fee and commission income	2,741	2,482
Fee and commission expense	445	422
Fees and commission	2,296	2,060
Income from associates	556	579
Net income from non-trading financial assets and liabilities at fair value through profit and loss	246	(146)
Gains on available-for-sale financial assets	7	38
Other	472	571
Income	10,049	9,363
Staff costs	4,117	3,880
Other administrative expenses	2,429	2,031
Depreciation and amortisation	341	331
Operating expenses	6,887	6,242
Value adjustments	450	517
Operating profit before taxation	2,712	2,604
Taxation	367	521
Net profit 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 <sup>34 35</sup>	11.0	11.8	10.8	11.4	10.9	10.5
Tier I ratio <sup>36</sup>	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			

<sup>34</sup> The required capital of the banking operations in accordance with the BIS requirements amounts to 8% of all risk-weighted assets, off-balance sheet items and market risk associated with trading portfolios.

<sup>35</sup> 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 January 1, 2002.

<sup>36</sup> 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 January 1, 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 Central Credit Risk 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 market risk, interest rate risk, credit 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 the 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 the 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 a concept of ‘income-at-risk’. This is the maximum amount of interest 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 a 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%. 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% in 2006 consisted of loans to private individuals which tend to have a very low risk profile in relative terms. The remaining 49% is 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 the 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 a provision has been made) per business unit as a percentage of private sector loans.

### Impaired loans/private sector lending per business unit

(as a percentage of private sector loans)	2006	2005	2004 <sup>37</sup>
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%

<sup>37</sup> The figures for impaired loans of 2004 based on IFRS are an accounting estimate.

## Bad and Doubtful Debt

The 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 the 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 ('CLC') 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, greater 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 interests of Rabobank Nederland and its affiliated entities. Members of the Supervisory Board are, on the recommendation of the Supervisory Board, appointed by the General Meeting. Lense (L.) Koopmans is the Chairman of the Supervisory Board of Rabobank Nederland. The total remuneration of the members of the Supervisory Board amounted to € 1.3 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.

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

The following persons, all of whom are resident in the Netherlands, except Mr. Berndsen who is resident in Belgium, are appointed members of the Supervisory Board respectively the Executive Board of Rabobank Nederland.



## Supervisory Board of Rabobank Nederland

Name	Born	Year Appointed <sup>1</sup>	Term Expires	Nationality
Lense (L.) Koopmans, Chairman	1943	2002	2009	Dutch
Leo (L.J.M.) Berndszen	1942	2002	2009	Dutch
Teun (T.) de Boon	1941	2002	2008	Dutch
Bernard (B.) Bijvoet	1940	2002	2008	Dutch
Sjoerd (S.E.) Eisma	1949	2002	2008	Dutch
Louise (L.O.) Fresco	1952	2006	2010	Dutch
Marinus (M.) Minderhoud	1946	2002	2011	Dutch
Paul (F.M.) Overmars	1945	2005	2009	Dutch
Herman (H.C.) Scheffer	1948	2002	2010	Dutch
Martin (M.J.M.) Tielen	1942	2002	2009	Dutch
Aad (A.W.) Veenman	1947	2002	2007	Dutch
Cees (C.P.) Veerman	1949	2007	2011	Dutch
Antoon (A.J.A.M.) Vermeer	1949	2002	2007	Dutch
Arnold (A.H.C.M.) Walravens	1940	2004	2011	Dutch

- (1) As a result of a 2002 amendment of the management organisation of Rabobank Nederland the former supervisory council was replaced by the supervisory board due to which the appointment date for a number of supervisory directors was fixed at 2002 even though they had been previously on the supervisory council.

*Lense (L.) Koopmans:* Professor of Economics at the University of Groningen. Chairman Board Stichting TBI, which wholly owns TBI Holdings (building and engineering). Chairman Supervisory Board of Cordares N.V. (social security). Chairman Supervisory Board of Siers Group B.V. (infrastructure). Chairman Supervisory Board of Arriva Nederland B.V. (regional transport). Member Supervisory Board of Nuon N.V. (electricity). Member Supervisory Board of Huntsman Holland B.V. (chemical industry). Member Supervisory Board of Noordelijke Ontwikkelingsmaatschappij N.V. (Northern Development Company). Member Supervisory Board of KIWA N.V. (certification and research). Member Supervisory Board of Eureko B.V. Member Supervisory Board of Stichting TNO (research). Member Supervisory Board of Universitair Medisch Centrum Groningen (hospital). Member Board Stichting Administratiekantoor Unilever N.V. Chairman Supervisory Board of Fries Museum.

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

*Teun (T.) de Boon:* Chairman Platform Toerisme en Recreatie Oisterwijk. Member Mars & Mercurius, Oisterwijk. Member Nieuwe Sociëteit, Oisterwijk. Member Board of Governors Institute for Latin America. Vice-Chairman of Stichting ZOD Neere Nederland, Burkina Fasso. Senior Adviser Netherlands Management Corporation Programme.

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

*Sjoerd (S.E.) Eisma:* Member of the bar in The Hague. Partner De Brauw Blackstone Westbroek N.V. Member Supervisory Board of HAL Holding N.V. (investment company). Member Supervisory Board of Grontmij N.V. Deputy Judge at the court of law in The Hague. Professor University of Amsterdam. Member Board of Stichting Steve Reich. Member Capital Markets Committee of the Netherlands Authority for the Financial Markets. Member Board Vereniging voor Effectenrecht. Editor of the Nederlands Juristenblad. Member Board of Directors Anton Philips Fund. Member Board of Directors of the HAL pension fund. Member Advisory Board of Sunsmile Trading/Sunsmile de Mozambique, Limitada, Mozambique. Member Board Willem-Alexander Kinderfonds. Member Board Stichting Haags Kinderatelier. Member Board Stichting Holland Financial Centre.

*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. Crown-appointed Member Social Economic Counsel (SER). Member Supervisory Board of the United Nations University, Tokyo, Japan.

*Paul (F.M.) Overmars*: Member Supervisory Board of Eureko B.V. Member Board of Directors of Vereniging Achmea. Chairman Supervisory Board of Stichting Cultuurhistorisch Genootschap Duin- en Bollenstreek. Chairman of Stichting Muziek in Grote of Sint Jeroenskerk. Chairman Board Eureko/Achmea Foundation.

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

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

*Martin (M.J.M.) Tielen*: Emeritus Professor. Member Executive Board and Treasurer International Society for Animal Hygiene. Chairman Stichting Stimulering Agrarisch Onderwijs en Praktijk. Chairman Stichting Prof. Tielen Fonds.

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

*Cees (C.P.) Veerman*: CEO Bracamonte B.V. (food). Professor Sustainable Rural Development from a European Perspective at the University of Tilburg and Wageningen University. Chairman Supervisory Board researchproject Kennis voor Klimaat. Member Supervisory Board of Stichting STAK. Chairman of Vereniging Natuurmonumenten (nature conservation).

*Antoon (A.J.A.M.) Vermeer*: Chairman Board of Directors of Zuidelijke Land- en Tuinbouw Organisatie (ZLTO) (Southern agriculture and horticulture organisation). Member partnership of a dairy company. Chairman Supervisory Board of VION N.V. Member Board of Governors ZLTO, Food, Farming and Agribusiness, University of Tilburg. Member Supervisory Board Eureko B.V. Chairman Landbouwinnovatiebureau, Province of Noord-Brabant. Chairman Supervisory Board Stichting HAS. Member Board of Directors of the Netherlands' Agriculture and Horticulture Organisation.

*Arnold (A.H.C.M.) Walravens*: Chairman Supervisory Board of Eureko B.V. Chairman Supervisory Board Achmea Re Luxemburg. Member Supervisory Board of OWM Molest-risico W.A. Chairman Supervisory Board of Sneepe Industries B.V. Vice Chairman Board of Directors of Vereniging Achmea. Director of MBA Studies and Member of the senate of International Executive Development Center, Slovenia. Director/owner of Aan de Oude Delft (art and auction services).

#### **Executive Board of Rabobank Nederland**

Name	Born	Year Appointed	Nationality
Bert (H.) Heemskerk, Chairman	1943	2002	Dutch
Bert (A.) Bruggink	1963	2004	Dutch
Hans (J.C.) ten Cate	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. Outside Rabobank, Mr. Moerland serves as a Member of the Supervisory Board of Essent N.V. (electricity), a 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 the 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

### General Overview

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, 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 Ministry of Finance. Rabobank Nederland and the various Rabobank Group entities are also indirectly subject to certain European Union ('EU') directives, subsequent to implementation in Dutch law, 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. Since then, 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 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 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 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 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 the 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 the 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, which 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 description 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 credit institution 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 guidelines:

#### ***- 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 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 guidelines impose additional liquidity requirements if the amount of liabilities of a bank with respect to one debtor or group of related debtors exceeds a certain limit.

- *Structure Supervision*

The Financial Supervision Act provides that a bank must obtain a declaration of no-objection from the Minister of Finance (or, in certain cases from the Dutch Central Bank) before, among other things, (i) reducing its own funds (*eigen vermogen*) by way of repayment of capital or distribution of reserves or making disbursements from the item comprising the cover for general banking risks as referred to in Article 2:424 of the Dutch Civil Code, (ii) acquiring or increasing a qualified holding in a regulated institution such as a bank or other regulated financial institution, if the balance sheet total of that institution at the time of the acquisition or increase amounts to more than 1% of the bank's consolidated balance sheet total, (iii) acquiring or increasing a 'qualified holding' in another enterprise than those mentioned under (ii) if the amount paid for the acquisition or the increase together with any amounts paid for prior acquisitions and prior increases exceeds 1% of the consolidated own funds (*eigen vermogen*) of the bank, (iv) acquiring all or a substantial part of the assets and liabilities of another enterprise or institution if this amounts to more than 1% of the bank's consolidated balance sheet total, (v) merging with another enterprise or institution if the balance sheet total thereof amounts to more than 1% of the bank's consolidated balance sheet total or (vi) proceeding to financial or corporate reorganisation. For purposes of the Financial Supervision Act, 'qualified holding' is defined to mean the holding, directly or indirectly, of an interest of at least ten per cent. of the issued share capital or voting rights in an enterprise, or a similar form of control.

In addition, any person is permitted to hold, acquire or increase a qualified holding in a bank, or to exercise any voting power in connection with such holding, only after such declaration of no objection has been obtained.

- *Administrative Supervision*

The Dutch Central Bank also supervises the administrative organisation of the individual banks, their financial accounting system and internal controls. The administrative organisation must be such as to ensure that a bank has at all times a reliable and up-to-date overview of its rights and obligations. Furthermore, the electronic data processing systems, which form the core of the accounting system, must be secured in such a way as to ensure optimum continuity, reliability and security against fraud. As part of the supervision of administrative organisation, the Dutch Central Bank has also stipulated that this system must be able to prevent conflicts of interests, including the abuse of insider information.

### ***Emergencies***

The Financial Supervision Act contains an 'emergency regulation' which can be declared in respect of a bank by a Dutch court at the request of the Dutch Central Bank in the interest of the combined creditors of the bank. As of the date of the emergency, only the court appointed administrators have the authority to exercise the powers of the organs of the bank. A bank can also be declared in a state of bankruptcy by the court.

## CAPITALISATION OF THE RABOBANK GROUP

The following table sets forth in summary form the Group's consolidated own funds and consolidated medium and long-term debt securities at 31 December 2006 and at 31 December 2005:

<i>(in EUR millions)</i>	At December 31, 2006	At December 31, 2005
Equity		
Retained earnings and other reserves	17,426	15,450
Rabobank Member Certificates issued by group companies	5,808	5,811
Trust Preferred Securities III-VI issued by group companies	1,959	2,092
Minority interest	4,184	2,996
	<hr/>	<hr/>
Equity	29,377	26,349
Subordinated loans	2,450	2,645
Group debt securities <sup>38</sup>	128,066	115,992
	<hr/>	<hr/>
Total capitalisation	159,893	144,986
Breakdown of reserves		
Revaluation reserves available for sale financial assets	213	184
Other reserves	158	94
Retained earnings	17,055	15,172
	<hr/>	<hr/>
Reserves	17,426	15,450

There has been no material change in the capitalisation of the Rabobank Group since 31 December 2006.

<sup>38</sup> Group debt securities includes short-term debt and long-term debt. The Rabobank Group had short-term debt amounting to € 60,073 million and €58,766 million, at December 31, 2005 and December 31, 2006, respectively. The Rabobank Group had long-term debt amounting to € 55,919 million and € 69,300 million, at December 31, 2005 and December 31, 2006, respectively.

## **TAXATION**

### **1. General**

The following summary describes the principal Dutch, Belgian, Luxembourg and U.S. tax consequences of the acquisition, holding, redemption and disposal of Notes, which term, for the purpose of this summary includes Coupons, Receipts and Talons. This summary does not purport to be a comprehensive description of all Dutch, Belgian, Luxembourg and U.S. 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, Belgian, Luxembourg and U.S. taxes set forth below is included for general information purposes only.

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

This summary does not address the Dutch tax consequences for:

- (i) Noteholders holding a substantial interest (*aanmerkelijk belang*) in the Issuer. Generally speaking, a Noteholder holds a substantial interest in the Issuer, if such holder, alone or, where such holder is an individual, together with his or her partner (statutory defined term) or certain other related persons, directly or indirectly, holds (i) an interest of 5 per cent. or more of the total issued capital of the Issuer or of 5 per cent. or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;
- (ii) pension funds or other entities that are exempt from Dutch corporate income tax;
- (iii) investment institutions (*fiscale beleggingsinstellingen*).

### **2. The Netherlands**

#### **2.1 Withholding Tax**

All payments in respect of the Notes can be made without withholding or deduction for or on account of any taxes, duties or charges of any nature imposed whatsoever that are or may be withheld or assessed by the Netherlands Tax Authorities or any political subdivision thereof or therein.

#### **2.2 Corporate Income Tax and Individual Income Tax**

A corporate noteholder, that derives income from a Note or that realises 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*).

### **2.3 Gift and Inheritance Taxes**

No gift, estate or inheritance taxes will arise in the Netherlands in respect of the transfer or deemed transfer of 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.

### **2.4 Other Taxes and Duties**

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 Issuer’s obligations thereunder and under the Notes.

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.

## **3. Belgium**

The following summary describes the principal Belgian withholding tax considerations with respect to the holding of the Notes obtained by an investor following this offer in Belgium.

This information is of a general nature and does not purport to be a comprehensive description of all Belgian tax considerations that may be relevant to a decision to acquire, to hold and to dispose of the Notes.

In some cases, different rules can be applicable. Furthermore, the tax rules can be amended in the future, possibly implemented with retroactive effect, and the interpretation of the tax rules may change.

This summary is based on the Belgian tax legislation, treaties, rules, and administrative interpretations and similar documentation, in force as of the date of the publication of this offer in Belgium, without prejudice to any amendments introduced at a later date, even if implemented with retroactive effect.

This summary does not describe the tax consequences for a holder of Notes that are redeemable in exchange for, or convertible into shares, of the exercise, settlement or redemption of such Notes and/or any tax consequences after the moment of exercise, settlement or redemption. It does neither describe the indirect taxes (including inter alia transfer taxes, stamp duties, stock exchange taxes, taxes on the physical delivery of bearer securities) that may be due following the acquisition, transfer or disposal of the Notes.

Each prospective holder of Notes should consult a professional adviser with respect to the tax consequences of an investment in the Notes, taking into account the influence of each regional, local or national law.

### **3.1 Individual private investors**

Natural persons who are Noteholders and who are Belgian residents for tax purposes, i.e. who are subject to Belgian personal income tax (*Personenbelasting/Impôt des personnes physiques*), are in Belgium subject to the following tax treatment with respect to the Notes. Other rules can be applicable in special situations, in particular when natural persons resident in Belgium acquire the Notes for professional purposes or when their transactions with respect to the Notes fall outside the scope of the normal management of their own private estate.

Any amount paid by the Issuer in excess of the issuance price of the Notes at the maturity date or at early redemption, is taxable as interest.

Payments of interest on the Notes made through a paying agent in Belgium will in principle be subject to a 15% withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). The Belgian withholding tax constitutes the final income tax for natural persons. This means that they do not have to declare the interest obtained on the Notes in their personal income tax return, provided withholding tax was levied on these interest payments.

However, if the interest is paid outside Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return and will be taxed at a flat rate of 15% (plus communal surcharges).

If the Notes qualify as fixed income securities in the meaning of article 2, §4 Belgian Income Tax Code (ITC), in case of a realisation of the Notes between two interest payment dates, an income equal to the pro rata of accrued interest corresponding to the detention period must be declared and income tax at a flat rate of 15% to be increased with communal surcharges will be due if no Belgian withholding tax has been levied on the pro rata of accrued interest corresponding to the detention period. A security will be a fixed income security if there is a causal link between the amount of interest income and the detention period of the security, on the basis of which it is possible to calculate the amount of pro rata interest income at the moment of the sale of the Notes during their lifetime.

Capital gains realised on the sale of the Notes, except for the pro rata of accrued interest in the case of fixed income securities, are in principle tax exempt, unless the capital gains are realised outside the scope of the management of one's private estate or unless the Notes are repurchased (whether or not on the maturity date) by the Issuer. In the latter case, the capital gain is taxable as interest.

### **3.2 Tax treatment of Belgian corporations**

Corporations Noteholders who are Belgian residents for tax purposes, i.e. who are subject to Belgian Corporate Income Tax (*Vennootschapsbelasting/Impôt des sociétés*) are in Belgium subject to the following tax treatment with respect to the Notes.

Interest derived by Belgian corporate investors on the Notes and capital gains realised on the Notes will be subject to Belgian corporate income tax of 33.99%. Capital losses are in principle deductible.

Interest payments on the Notes made through a paying agent in Belgium can under certain circumstances be exempt from withholding tax, provided a certificate is delivered. The withholding tax that has been levied, if any, is creditable against the corporate income tax due in conformity with the legal provisions.

### **3.3 Other legal entities**

Legal entities Noteholders who are Belgian residents for tax purposes, i.e. who are subject to Belgian tax on legal entities (*Rechtspersonenbelasting/impôt des personnes morales*) are in Belgium subject to the following tax treatment with respect to the Notes.

Any amount paid by the Issuer in excess of the issuance price of the Notes at the maturity day or at early redemption is taxable as interest.

Payments of interest on the Notes made through a paying agent in Belgium will in principle be subject to a 15% withholding tax in Belgium and no further tax on legal entities will be due on the interest.

However, if the interest is paid outside Belgium without the intervention of a Belgian paying agent and without the deduction of Belgian withholding tax, the legal entity itself is responsible for the deduction and payment of 15% withholding tax.

If the Notes qualify as fixed income securities in the meaning of article 2, §4 ITC, in case of a realisation of the Notes between two interest payment dates, Belgian legal entities have to pay a 15% withholding tax on the pro rata of accrued interest corresponding to the detention period. A security will be a fixed income security if there is a causal link between the amount of interest income and the detention period of the security, on the basis of which it is possible to calculate the amount of pro rata interest income at the moment of the sale of the Notes during their lifetime.

Capital gains realised on the sale of the Notes whether or not on the maturity date, except for the prorata of accrued interest in the case of fixed income securities, are in principle tax exempt, unless the Notes are repurchased by the Issuer. In such case, the capital gain is taxable as interest.

### **3.4 Non-resident investors**

The interest income on the Notes paid through a professional intermediary in Belgium will, in principle, be subject to a 15% withholding tax, unless the Noteholder is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit. If the income is not collected through a financial institution or other intermediary established in Belgium, no Belgian withholding tax is due.

Non-resident investors can also obtain an exemption of Belgian withholding tax on interest from the Notes if they are the owners or usufructors of the Notes and they deliver an affidavit confirming that they have not allocated the Notes to business activities in Belgium and that they are non-residents, provided that (i) the interest is paid through a Belgian credit institution, stock market company or

clearing or settlement institution and that (ii) the Notes are not used by the Issuer for carrying on a business in Belgium.

The non-residents who use the debt instruments to exercise a professional activity in Belgium through a permanent establishment are subject to the same tax rules as the Belgian resident companies. Non-resident Noteholders who do not allocate the Notes to a professional activity in Belgium are not subject to Belgian income tax, save, as the case may be, in the form of withholding tax.

#### **4. Luxembourg**

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

##### **4.1 Withholding Tax - Non-resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 15% during the first three-year period starting 1 July 2005, at a rate of 20% for the subsequent three-year period and at a rate of 35% thereafter. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 15%.

##### **4.2 Withholding Tax - Resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed

by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10%.

## **5. United States Federal Income Taxation**

### **5.1 General**

**Any U.S. federal tax discussion in this Offering Circular was not intended or written to be used, and cannot be used, by any taxpayer for purposes of avoiding U.S. federal income tax penalties that may be imposed on the taxpayer. Any such tax discussion was written to support the promotion or marketing of the Notes to be issued or sold pursuant to this Offering Circular. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.**

The following is a general summary of the principal U.S. federal income tax consequences that may be relevant with respect to the purchase, ownership and disposition of the Notes by an initial Holder of a Note. This summary addresses only the U.S. federal income tax considerations of Holders that acquire the Notes at their original issuance and that will hold the Notes as capital assets.

This summary does not purport to address all U.S. federal income tax matters that may be relevant to a particular Holder of Notes. This summary does not address tax considerations applicable to U.S. Holders that may be subject to special tax rules including, without limitation, the following: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities or currencies or notional principal contracts; (iv) regulated investment companies; (v) tax-exempt entities; (vi) persons that will hold the Notes as part of a "hedging" or "conversion" transaction or as a position in a "straddle" or as a part of a "synthetic security" or other integrated transaction for U.S. federal income tax purposes; (vii) persons that have a "functional currency" other than the U.S. dollar; (viii) real estate investment trusts; (ix) persons that own (or are deemed to own) ten per cent. or more of the voting shares (or interests treated as equity) of the Issuer; (x) partnerships, pass-through entities, or persons that hold Notes through pass-through entities and (xi) certain U.S. expatriates and former long-term residents of the United States. Further, this summary does not address alternative minimum tax consequences or the indirect effects on the Holders of equity interests in a U.S. Holder. This summary also does not describe any tax consequences arising under the laws of any taxing jurisdiction other than the U.S. federal government.

This summary is based on the United States Internal Revenue Code of 1986, as amended (the "**Code**"), U.S. Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date of this Offering Circular. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below.

For the purposes of this summary, a "**U.S. Holder**" is a beneficial owner of a Note that is, for U.S. federal income tax purposes: (i) a citizen or resident of the United States; (ii) corporation or other entity treated as a corporation created or organised in or under the laws of the U.S. or any state thereof (including the District of Columbia); (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if (x) a court within the U.S. is able to exercise primary supervision over its administration and (y) one or more U.S. persons have the authority to control all of the substantial decisions of such trust. A "**Non-U.S. Holder**" is a beneficial owner of Notes that is not an U.S. Holder. If a partnership holds Notes, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Partners of partnerships holding Notes should consult their tax advisor.



## 5.2 Tax Treatment of U.S. Holders of the Notes

### *Characterization of the Notes*

No statutory, judicial or administrative authority directly addresses the characterisation of the Notes or instruments similar to the Notes for U.S. federal income tax purposes. As a result, significant aspects of the U.S. federal income tax consequences of an investment in the Notes are not certain. No ruling is being requested from the U.S. Internal Revenue Service (the "**IRS**") with respect to the Notes and no assurance can be given that the IRS will agree with the conclusions expressed herein. Further, no opinion is being given regarding the characterisation of the Notes for U.S. federal income tax purposes.

Generally, the characterization for U.S. federal income tax purposes of financial instruments of a type similar to the Notes is based on complex legal analyses and is not determined simply by the name or legal form taken by such instruments. The mere fact that the Notes will be issued in the form of debt instruments is not controlling for purposes of the U.S. federal income tax treatment of the Notes as debt or equity. For example, notes issued with perpetual maturity will generally be characterized as equity for U.S. tax purposes. Further, there are no authorities directly addressing similar transactions involving instruments with terms similar to those of the Notes. As a result, certain aspects of the U.S. federal income tax consequences of an investment in the Notes are not entirely certain. The relevant Final Terms in respect of the issue of any Notes will specify the expected characterization of the Notes as debt or equity for US federal income tax purposes. Both characterizations are described below.

**A prospective investor in the Notes should consult its tax advisor in determining the tax consequences of an investment in the Notes, including the application of state, local or other tax laws and the proper characterisation of the Notes for tax purposes.**

## 5.3 Tax Considerations Applicable to Notes Treated as Debt

The application of the contingent payment debt instrument ("**CPDI**") rules to the Notes will depend upon the specific terms of the Notes under the applicable Contractual Terms of Issue. Where a Note is treated as a non-contingent debt instrument (and, thus, not subject to the CPDI rules), the following rules apply.

### *Payments of Interest*

Interest paid on a Note, other than interest on a "Discount Note" that is not "qualified stated interest" (each as defined below under "*Original Issue Discount—General*"), will be taxable to a U.S. Holder as ordinary interest income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. federal income tax purposes.

A U.S. Holder utilising the cash method of accounting for U.S. federal income tax purposes that receives an interest payment denominated in a currency other than U.S. dollars (a "**foreign currency**") will be required to include in income the U.S. dollar value of that interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

If interest on a Note is payable in a foreign currency, an accrual basis U.S. Holder is required to include in income the U.S. dollar value of the amount of interest income accrued on a Note during the accrual period. An accrual basis U.S. Holder may determine the amount of the interest income to be recognised in accordance with either of two methods. Under the first accrual method, the amount of income accrued will be based on the average spot exchange rate in effect during the interest accrual period or, with respect to an accrual period that spans two taxable years, the part of the period within

the taxable year. Under the second accrual method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. If the last day of the accrual period is within five business days of the date the interest payment is actually received, an electing accrual basis U.S. Holder may instead translate that interest expense at the exchange rate in effect on the day of actual receipt. Any election to use the second accrual method will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder and will be irrevocable without the consent of the IRS.

A U.S. Holder utilising either of the foregoing two accrual methods will recognise ordinary income or loss with respect to accrued interest income on the date of receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note). The amount of ordinary income or loss will equal the difference between the U.S. dollar value of the interest payment received (determined on the date the payment is received or on the date the Note is disposed of) in respect of the accrual period and the U.S. dollar value of interest income that has accrued during that accrual period (as determined under the accrual method utilised by the U.S. Holder).

Foreign currency received as interest on the Notes will have a tax basis equal to its U.S. dollar value at the time the interest payment is received. Gain or loss, if any, realised by a U.S. Holder on a sale or other disposition of that foreign currency will be ordinary income or loss and will generally be income from sources within the U.S. for foreign tax credit limitation purposes.

Interest on the Notes received by a U.S. Holder will be treated as foreign source income for the purposes of calculating that Holder's foreign tax credit limitation. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. The rules relating to foreign tax credits and timing thereof are complex. U.S. Holders should consult their own tax advisors regarding the availability of a foreign tax credit in their particular situation.

### ***Original Issue Discount***

*General.* A Note, other than a Note with a term of one year or less (a "**Short-Term Note**"), will be treated as issued at an original issue discount ("**OID**" and a Note issued with OID, a "**Discount Note**") for U.S. federal income tax purposes if the excess of the sum of all payments provided under the Note, other than "qualified stated interest" payments (as defined below), over the "Issue Price" of the Note is more than a "de minimis amount" (as defined below). "**Qualified stated interest**" is generally interest paid on a Note that is unconditionally payable at least annually at a single fixed rate. The "**Issue Price**" of the Notes under the applicable Contractual Terms of Issue will be the first price at which a substantial amount of such Notes are sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. Special rules for "Variable Rates Notes" are described below under "*Original Issue Discount—Variable Rate Notes*".

In general, if the excess of the sum of all payments provided under the Note other than qualified stated interest payments (the Note's "**stated redemption price at maturity**") over its Issue Price is less than one quarter of one per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity (the "**de minimis amount**"), then such excess, if any, constitutes "**de minimis OID**" and the Note is not a Discount Note. Unless the election described below under "*Election to Treat All Interest as OID*" is made, a U.S. Holder of a Note with de minimis OID must include such de minimis OID in income as stated principal payments on the Note are made. The includable amount with respect to each such payment will equal the product of the total amount

of the Note's de minimis OID and a fraction, the numerator of which is the amount of the principal payment made and the denominator of which is the stated principal amount of the Note.

A U.S. Holder will be required to include OID on a Discount Note in income for U.S. federal income tax purposes as it accrues calculated on a constant-yield method (described below) before the actual receipt of cash attributable to that income, regardless of the U.S. Holder's method of accounting for U.S. federal income tax purposes. Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID over the life of Discount Notes.

The amount of OID includable in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds that Note ("**accrued OID**"). The daily portion is determined by allocating to each day in any "accrual period" a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period.

The amount of OID allocable to an accrual period equals the excess of (a) the product of the Note's "adjusted issue price" at the beginning of the accrual period and the Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The "**adjusted issue price**" of a Note at the beginning of any accrual period is the Issue Price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

For the purposes of determining the amount of OID allocable to an accrual period, if an interval between payments of qualified stated interest on the Note contains more than one accrual period, the amount of qualified stated interest payable at the end of the interval (including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval) is allocated *pro rata* on the basis of relative lengths to each accrual period in the interval, and the adjusted issue price at the beginning of each accrual period in the interval must be increased by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but that is not payable until the end of the interval.

The amount of OID allocable to an initial short accrual period may be computed using any reasonable method if all other accrual periods other than a final short accrual period are of equal length. The amount of OID allocable to the final accrual period is the difference between (x) the amount payable at the maturity of the Note (other than any payment of qualified stated interest) and (y) the Note's adjusted issue price as of the beginning of the final accrual period.

OID for any accrual period on a Note that is denominated in, or determined by reference to, a foreign currency will be determined in that foreign currency and then translated into U.S. dollars in the same manner as interest payments accrued by an accrual basis U.S. Holder, as described under "*Payments of Interest*" above. Upon receipt of an amount attributable to OID in these circumstances, a U.S. Holder may recognise ordinary income or loss.

OID on a Discount Note will be treated as foreign source income for the purposes of calculating a U.S. Holder's foreign tax credit limitation. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. The rules relating to foreign tax credits and timing thereof are complex. U.S. Holders should consult their own tax advisors regarding the availability of a foreign tax credit in their particular situation.

*Acquisition Premium.* A U.S. Holder that purchases a Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date other than payments of qualified stated interest but in excess of its adjusted issue price (as determined above under "*Original Issue Discount—General*") (any such excess being "**acquisition premium**") and that does not make the election described below under "*Election to Treat All Interest as OID*" will reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the adjusted issue price of the Note, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

*Market Discount.* A Note, other than a Short-Term Note, will be treated as purchased at a market discount (a "**Market Discount Note**") if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's "revised issue price", exceeds the amount for which the U.S. Holder purchased the Note by at least one quarter of one per cent. of such Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity. If such excess is not sufficient to cause the Note to be a Market Discount Note, then such excess constitutes "**de minimis market discount**" and such Note is not subject to the rules discussed in the following paragraphs. For these purposes, the "**revised issue price**" of a Note generally equals its Issue Price, increased by the amount of any OID that has accrued on the Note.

Any gain recognised on the maturity or disposition of a Market Discount Note will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on such Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. Such an election will apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS.

Market discount on a Market Discount Note will accrue on a straight-line basis unless the U.S. Holder elects to accrue such market discount on a constant-yield method. Such an election will apply only to the Note with respect to which it is made and may not be revoked. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings allocable to such Note in an amount not exceeding the accrued market discount on such Note until the maturity or disposition of such Note.

*Election to Treat All Interest as OID.* A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under the heading "*Original Issue Discount—General*", with the modifications described below. For the purposes of this election, interest includes stated interest, OID, de minimis OID, market discount, de minimis market discount and unstated interest, as adjusted by any amortisable bond premium or acquisition premium.

In applying the constant-yield method to a Note with respect to which this election has been made, the issue price of the Note will equal its cost to the electing U.S. Holder, the issue date of the Note will be the date of its acquisition by the electing U.S. Holder, and no payments on the Note will be treated as payments of qualified stated interest. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If this election is made with respect to a Note with "amortisable bond premium" (as defined below under "*Notes Purchased at a Premium*"), then the electing U.S. Holder will be deemed to have elected to apply amortisable bond premium against interest with respect to all debt instruments with amortisable bond premium (other than debt instruments the interest on which is excludible from gross income) held by the electing U.S. Holder as of the beginning of the taxable year in which the Note with respect to which the election is made is acquired or thereafter acquired. The deemed election with respect to amortisable bond premium may not be revoked without the consent of the IRS.

If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under "*Original Issue Discount—Market Discount*" to include market discount in income currently over the life of all debt instruments held or thereafter acquired by such U.S. Holder.

*Variable Rate Notes.* A "**Variable Rate Note**" is a Note that:

- (a) has an Issue Price that does not exceed the total non-contingent principal payments by more than the lesser of (i) the product of (x) the total non-contingent principal payments, (y) the number of complete years to maturity from the issue date and (z) 0.015, or (ii) 15 per cent. of the total non-contingent principal payments; and
- (b) does not provide for stated interest other than stated interest compounded or paid at least annually at (i) one or more "qualified floating rates", (ii) a single fixed rate and one or more qualified floating rates, (iii) a single "objective rate" or (iv) a single fixed rate and a single objective rate that is a "qualified inverse floating rate".

A qualified floating rate or objective rate in effect at anytime during the term of the instrument must be set at a "**current value**" of that rate. A "current value" of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

A variable rate is a "**qualified floating rate**" if (i) variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Note is denominated or (ii) it is equal to the product of such a rate and either (a) a fixed multiple that is greater than 0.65 but not more than 1.35, or (b) a fixed multiple greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate. If a Note provides for two or more qualified floating rates that (i) are within 0.25 percentage points of each other on the issue date or (ii) can reasonably be expected to have approximately the same values throughout the term of the Note, the qualified floating rates together constitute a single qualified floating rate. A rate is not a qualified floating rate, however, if the rate is subject to certain restrictions (including caps, floors, governors, or other similar restrictions) unless such restrictions are fixed throughout the term of the Note or are not reasonably expected to significantly affect the yield on the Note.

An "**objective rate**" is a rate, other than a qualified floating rate, that is determined using a single fixed formula and that is based on objective financial or economic information that is not within the control of or unique to the circumstances of the Issuer or a related party (such as dividends, profits or the value of the Issuer's stock). A variable rate is not an objective rate, however, if it is reasonably expected that the average value of the rate during the first half of the Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Note's term. An objective rate is a "**qualified inverse floating rate**" if (i) the rate is equal to a fixed rate minus a qualified floating rate, and (ii) the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate.

If interest on a Note is stated at a fixed rate for an initial period of one year or less followed by either a qualified floating rate or an objective rate for a subsequent period and (i) the fixed rate and the qualified floating rate or objective rate have values on the issue date of the Note that do not differ by more than 0.25 percentage points or (ii) the value of the qualified floating rate or objective rate is intended to approximate the fixed rate, the fixed rate and the qualified floating rate or the objective rate constitute a single qualified floating rate or objective rate.

In general, if a Variable Rate Note provides for stated interest at a single qualified floating rate or objective rate, all stated interest on the Note is qualified stated interest and the amount of OID, if any, is determined under the rules applicable to fixed rate debt instruments by using, in the case of a

qualified floating rate or qualified inverse floating rate, the value as of the issue date of the qualified floating rate or qualified inverse floating rate, or, in the case of any other objective rate, a fixed rate that reflects the yield reasonably expected for the Note.

If a Variable Rate Note does not provide for stated interest at a single qualified floating rate or a single objective rate and also does not provide for interest payable at a fixed rate (other than at a single fixed rate for an initial period), the amount of interest and OID accruals on the Note are generally determined by (i) determining a fixed rate substitute for each variable rate provided under the Variable Rate Note (generally, the value of each variable rate as of the issue date or, in the case of an objective rate that is not a qualified inverse floating rate, a rate that reflects the reasonably expected yield on the Note), (ii) constructing the equivalent fixed rate debt instrument (using the fixed rate substitutes described above), (iii) determining the amount of qualified stated interest and OID with respect to the equivalent fixed rate debt instrument, and (iv) making the appropriate adjustments for actual variable rates during the applicable accrual period.

If a Variable Rate Note provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate, and in addition provides for stated interest at a single fixed rate (other than at a single fixed rate for an initial period), the amount of interest and OID accruals are determined as in the immediately preceding paragraph with the modification that the Variable Rate Note is treated, for the purposes of the first three steps of the determination, as if it provided for a qualified floating rate (or a qualified inverse floating rate, as the case may be) rather than the fixed rate. The qualified floating rate (or qualified inverse floating rate) replacing the fixed rate must be such that the fair market value of the Variable Rate Note as of the issue date would be approximately the same as the fair market value of an otherwise identical debt instrument that provides for the qualified floating rate (or qualified inverse floating rate) rather than the fixed rate.

**Prospective purchasers should consult their own tax advisors regarding the applicability and consequences of the variable rate debt instrument rules to any of the Notes issued under the Programme.**

*Notes Subject to Redemption.* If the Notes are redeemable at the option of the Issuer prior to their maturity or are repayable at the option of the U.S. Holder prior to their stated maturity, such Notes may be subject to rules that are different from the general rules discussed above. **Investors intending to purchase Notes with such features should consult their own tax advisors, since the OID consequences will depend, in part, on the particular terms and features of the purchased Notes.**

*Short-Term Notes.* Short-Term Notes will be treated as having been issued with OID. In general, an individual or other cash method U.S. Holder is not required to accrue such OID unless the U.S. Holder elects to do so. If such an election is not made, any gain recognised by the U.S. Holder on the sale, exchange or maturity of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis, or upon election under the constant yield method (based on daily compounding), through the date of sale or maturity, and a portion of the deductions otherwise allowable to the U.S. Holder for interest on borrowings allocable to the Short-Term Note will be deferred until a corresponding amount of income is realised. U.S. Holders who report income for U.S. federal income tax purposes under the accrual method, and certain other Holders including banks and dealers in securities, are required to accrue OID on a Short-Term Note on a straight-line basis unless an election is made to accrue the original issue discount under a constant yield method (based on daily compounding).

#### ***Notes Purchased at a Premium***

A U.S. Holder that purchases a Note for an amount in excess of its principal amount may elect to treat such excess as "**amortisable bond premium**". If such election is made, the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced

by the amount of amortisable bond premium allocable (based on the Note's yield to maturity) to such year. In the case of a Note that is denominated in, or determined by reference to, a foreign currency, amortisable bond premium will be computed in units of foreign currency, and amortisable bond premium will reduce interest income in units of foreign currency. At the time amortisable bond premium offsets interest income, a U.S. Holder realises exchange gain or loss (taxable as ordinary income or loss) equal to the difference between exchange rates at that time and at the time of the acquisition of the Notes. Any election to amortise bond premium will apply to all bonds (other than bonds the interest in which is excludible from gross income) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder and is irrevocable without the consent of the IRS.

### ***Sale, Exchange or Retirement of the Notes***

A U.S. Holder's tax basis in a Note will generally equal its "U.S. dollar cost", increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to de minimis OID and de minimis market discount included in the U.S. Holder's income with respect to the Note (each as determined above), and reduced by the amount of any payments with respect to the Note that are not qualified stated interest payments and the amount of any amortisable bond premium applied to reduce interest on the Note. The "**U.S. dollar cost**" of a Note purchased with a foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market (as defined in the applicable U.S. Treasury Regulations) that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

A U.S. Holder will generally recognise gain or loss on the sale, exchange or retirement of a Note equal to the difference between the amount realised on the sale, exchange or retirement and the tax basis of the Note. The amount realised on the sale, exchange or retirement of a Note for an amount in foreign currency will be the U.S. dollar value of that amount on (1) the date the payment is received in the case of a cash basis U.S. Holder, (2) the date of disposition in the case of an accrual basis U.S. Holder, or (3) in the case of Notes traded on an established securities market (as defined in the applicable U.S. Treasury Regulations), that are sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale.

Gain or loss recognised by a U.S. Holder on the sale, exchange or retirement of a Note that is attributable to changes in currency exchange rates will be ordinary income or loss and will consist of OID exchange gain or loss and principal exchange gain or loss. OID exchange gain or loss will equal the difference between the U.S. dollar value of the amount received on the sale, exchange or retirement of a Note that is attributable to accrued but unpaid OID as determined by using the exchange rate on the date of the sale, exchange or retirement and the U.S. dollar value of accrued but unpaid OID as determined by the U.S. Holder under the rules described above under "*Original Issue Discount—General*". Principal exchange gain or loss will equal the difference between the U.S. dollar value of the U.S. Holder's purchase price of the Note in foreign currency determined on the date of the sale, exchange or retirement, and the U.S. dollar value of the U.S. Holder's purchase price of the Note in foreign currency determined on the date the U.S. Holder acquired the Note. The foregoing foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by the U.S. Holder on the sale, exchange or retirement of the Note, and will generally be treated as from sources within the U.S. for U.S. foreign tax credit limitation purposes.

Any gain or loss recognised by a U.S. Holder in excess of foreign currency gain recognised on the sale, exchange or retirement of a Note would generally be U.S. source capital gain or loss (except to the extent such amounts are attributable to market discount, accrued but unpaid interest, or subject to the general rules governing contingent payment obligations). **Prospective investors should consult their own tax advisors with respect to the treatment of capital gains (which may be taxed at**

**lower rates than ordinary income for taxpayers who are individuals, trusts or estates that held the Notes for more than one year) and capital losses (the deductibility of which is subject to limitations).**

A U.S. Holder will have a tax basis in any foreign currency received on the sale, exchange or retirement of a Note equal to the U.S. dollar value of the foreign currency at the time of the sale, exchange or retirement. Gain or loss, if any, realised by a U.S. Holder on a sale or other disposition of that foreign currency will be ordinary income or loss and will generally be income from sources within the U.S. for foreign tax credit limitation purposes.

### ***Contingent Payment Debt Instrument***

If a Note is treated as a CPDI, the Treasury Regulations governing the treatment of a CPDI (the "**CPDI Regulations**") would cause the timing and character of income, gain or loss reported on a CPDI to substantially differ from the timing and character of income, gain or loss reported on a non-contingent payment debt obligation under general principles of current U.S. federal income tax law. In general, the CPDI Regulations require a U.S. Holder to include future contingent and non-contingent interest payments in income as such interest accrues based upon a projected payment schedule. Moreover, in general, under the CPDI Regulations, any gain recognised by a U.S. Holder on the sale, exchange or retirement of a contingent payment debt instrument will be treated as ordinary income and all or a portion of any loss realised could be treated as ordinary loss as opposed to capital loss (depending upon the circumstances).

Under the non-contingent bond method of the CPDI Regulations, for each accrual period prior to and including the maturity date of the Note, the amount of interest that accrues, as OID, equals the product of (i) the adjusted issue price and (ii) the "comparable yield" (adjusted for the length of the accrual period). This amount is rateably allocated to each day in the accrual period and is includable as ordinary interest income by an U.S. Holder for each day in the accrual period on which the U.S. Holder holds the Note. The adjusted issue price for this purpose is equal to the Note's Issue Price, increased by the interest previously made on the Note. The "**comparable yield**" is the annual yield that the issuer would pay, as of the issue date, on a fixed rate debt instrument (non credit-linked) with terms equal to that of the Note. Amounts treated as interest under the foregoing rules are treated as OID for all U.S. federal income tax purposes.

Also under the non-contingent bond method of the CPDI Regulations, the Issuer would be required to determine a schedule ("**Schedule**") of the projected amounts of payments ("**Projected Payments**") on the Note. The Schedule must produce the comparable yield. If during any taxable year the sum of any actual payments (including the fair market value of any property received in that year) with respect to the Note for that taxable year (including, in the case of the taxable year which includes the maturity date of the Note, the amount of cash received at maturity) exceeds the total amount of Projected Payments for that taxable year, the difference will produce a "**net positive adjustment**", which will be treated as additional interest for the taxable year. If the actual amount received in a taxable year is less than the amount of Projected Payments for that taxable year, the difference will produce a "**net negative adjustment**", which will (i) reduce the U.S. Holder's interest income for that taxable year and (ii) to the extent of any excess after application of (i), give rise to an ordinary loss to the extent of the U.S. Holder's interest income on the Note during the prior taxable years (reduced to the extent such interest was offset by prior net negative adjustments). As a result of the classification of a Note as a contingent debt instrument subject to the non-contingent bond method, any gain or loss realised on the sale or exchange of the Note may be treated as ordinary income or loss, in whole or in part.

All gain on the sale of a Note treated as a CPDI is treated as interest income.

**Prospective purchasers should consult their own tax advisors regarding the applicability and consequences of the CPDI rules to any of the Notes issued under the Programme.**



## 5.4 Tax Considerations Applicable to Notes Treated as Equity

### *Distributions*

The gross amount of any distribution by the Issuer of cash or property (including any amounts withheld in respect of any applicable withholding tax) with respect to Notes treated as an equity interest of the Issuer for U.S. federal income tax purposes (hereinafter an “**Equity Note**”) will be taxable to a U.S. Holder as a dividend. The U.S. Holder will not be eligible for any dividends received deduction in respect of the dividend otherwise allowable to corporations. The amount of any distribution of property other than cash will be the fair market value of that property on the date of distribution. Certain dividends received by individual U.S. Holders (as well as certain trusts and estates) will be subject to a reduced income tax rate. This reduced income tax rate is only applicable to dividends paid by “qualified corporations” and only with respect to Equity Notes held for a minimum holding period. The Issuer expects to be considered a qualified corporation.

Dividends received by a U.S. Holder with respect to Equity Notes will be treated as foreign source income for the purposes of calculating that Holder’s foreign tax credit limitation. Subject to certain conditions and limitations, foreign country income tax withheld on dividends may be deducted from taxable income or credited against a U.S. Holder’s U.S. federal income tax liability. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. In certain circumstances, a U.S. Holder may be unable to claim foreign tax credits for foreign taxes imposed on a dividend. The rules relating to foreign tax credits and the timing thereof are complex. U.S. Holders should consult their own tax advisers regarding the availability of a foreign tax credit under their particular situation.

The gross amount of any distribution paid in foreign currency will be included in the gross income of a U.S. Holder in an amount equal to the U.S. dollar value of the foreign currency, calculated by reference to the exchange rate in effect on the date received by the U.S. Holder, regardless of whether the foreign currency is converted into U.S. dollars. If the foreign currency is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend. If the foreign currency received as a dividend is not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of the foreign currency will be treated as ordinary income or loss, and will generally be income or loss from sources within the United States for United States foreign tax credit limitation purposes.

### *Sale, Exchange or Other Disposition of Equity Notes*

A U.S. Holder will generally recognise gain or loss for U.S. federal income tax purposes upon the sale, exchange or other disposition of Equity Notes in an amount equal to the difference between the U.S. dollar value of the amount realised from such sale or exchange and the U.S. Holder’s tax basis for such Equity Notes. A U.S. Holder’s tax basis of its Equity Notes is generally its cost. Such gain or loss will be a capital gain or loss and will generally be treated as from sources within the United States. **Prospective investors should consult their own tax advisers with respect to the treatment of capital gains (which may be taxed at lower rates than ordinary income for taxpayers who are individuals, trusts or estates that held the Equity Notes for more than one year) and capital losses (the deductibility of which is subject to limitations).**

### *Redemption of Equity Notes*

The redemption of Equity Notes by the Issuer will be treated as a sale of the redeemed Equity Notes by the U.S. Holder (which is taxable as described above under “*Sale, Exchange or Other Disposition*”).

*of Equity Notes*”) or, in certain circumstances, as a distribution to the U.S. Holder (which is taxable as described above under “*Distributions*”).

**U.S. Holders should consult their own tax advisors regarding the proper tax treatment of the Notes, including any possible alternative characterisations of the Notes for tax purposes.**

## **5.5 Non-U.S. Holders**

A Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any payments on the Notes and gain from the sale, redemption or other disposition of the Notes unless: (i) that payment and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business in the U.S.; (ii) in the case of any gain realised on the sale or exchange of a Note by an individual Non-U.S. Holder, that Holder is present in the U.S. for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met; or (iii) the Non-U.S. Holder is subject to tax pursuant to provisions of the Code applicable to certain expatriates. **Non-U.S. Holders should consult their own tax advisors regarding the U.S. federal income and other tax consequences of owning Notes.**

## **5.6 Backup Withholding and Information Reporting**

Under current U.S. federal income tax law, backup withholding tax and information reporting requirements apply in the case of certain non-corporate U.S. beneficial owners of a Note to certain payments of principal of, and interest on, an obligation, and of proceeds of the sale of an obligation before maturity. The Issuer, its agent, a broker, or any paying agent, as the case may be, may be required to withhold tax from any payment that is subject to backup withholding if the U.S. Holder fails to furnish the U.S. Holder's taxpayer identification number (usually on IRS Form W-9), to certify that such U.S. Holder is not subject to backup withholding, or to otherwise comply with the applicable requirements of the backup withholding rules. Certain U.S. Holders (including, among others, corporations) are not subject to the backup withholding and information reporting requirements. Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to an U.S. Holder generally may be claimed as a credit against such U.S. Holder's U.S. federal income tax liability provided that the required information is furnished to the IRS. **U.S. Holders should consult their own tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.**

## **5.7 IRS Disclosure Reporting Requirements**

Certain U.S. Treasury Regulations relating to section 6011 of the Internal Revenue Code (the “**Disclosure Regulations**”) meant to require the reporting of certain tax shelter transactions (“**Reportable Transactions**”) could be interpreted to cover transactions generally not regarded as tax shelters. Under the Disclosure Regulations it may be possible that certain transactions with respect to the Notes may be characterised as Reportable Transactions requiring a NoteHolder who is required to disclose such transaction, such as a sale, exchange, retirement or other taxable disposition of a Note that results in a loss that exceeds certain thresholds and other specified conditions are met. Prospective investors in the Notes should consult with their own tax advisors to determine the tax return obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Statement).

**THE U.S. FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. PROSPECTIVE INVESTORS IN THE**

**NOTES SHOULD CONSULT THEIR OWN TAX ADVISERS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.**

**6. EU Savings Directive**

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

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

## ERISA CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**), imposes requirements on employee benefit plans (as defined in Section 3(3) of ERISA) subject to ERISA and on entities, such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (all of which are hereinafter referred to as **ERISA Plans**), and on persons who are fiduciaries (as defined in Section 3(21) of ERISA) with respect to such ERISA Plans. The Code also imposes certain requirements on ERISA Plans and on other retirement plans and arrangements, including individual retirement accounts and Keogh plans (such ERISA Plans and other "Plans" as defined in Section 4975 of the Code are hereinafter referred to as **Plans**). Certain employee benefit plans, including governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), and non-U.S. plans (as described in Section 4(b)(4) of ERISA) are not subject to the prohibited transaction rules of ERISA or the Code but may be subject to similar rules under other applicable laws or documents. Accordingly, assets of such plans may be invested in the Notes without regard to the prohibited transaction considerations under ERISA and the Code described below, subject to the provisions of other applicable federal, state or non-U.S. law (**Similar Law**).

Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification, requirements respecting delegation of investment authority and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. Each ERISA Plan fiduciary, before deciding to invest in the Notes, must be satisfied that investment in the Notes is a prudent investment for the ERISA Plan, that the investments of the ERISA Plan, including the investment in the Notes, are diversified so as to minimize the risk of large losses and that an investment in the Notes complies with the ERISA Plan and related trust documents.

Section 406 of ERISA and/or Section 4975 of the Code prohibits Plans from engaging in certain transactions with persons that are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to such Plans (collectively, **Parties in Interest**). The types of transactions between Plans and Parties in Interest that are prohibited include: (a) sales, exchanges or leases of property, (b) loans or other extensions of credit and (c) the furnishing of goods and services. Certain Parties in Interest that participate in a non-exempt prohibited transaction may be subject to an excise tax under ERISA or the Code. In addition, the persons involved in the prohibited transaction may have to rescind the transaction and pay an amount to the Plan for any losses realized by the Plan or profits realized by such persons and certain other liabilities could result that have a significant adverse effect on such persons. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may apply depending in part on the type of Plan fiduciary making the decision to acquire a Note and the circumstances under which such decision is made. Included among these exemptions are Section 408(b)(17) of ERISA (relating to certain transactions between a plan and a non-fiduciary service provider), Prohibited Transaction Class Exemption (**PTCE**) 95-60 (relating to investments by insurance company general accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by an in-house asset manager). There can be no assurance that any of these class exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

Under a "look-through rule" set forth in regulations issued by the U.S. Department of Labor at 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (**Plan Assets Regulation**), if a Plan invests in an "equity interest" of an entity that is neither a "publicly-offered security" nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or that equity participation in the entity by "benefit plan investors" is not "significant". The Plan Assets Regulation defines equity participation in an entity by "benefit plan investors" as "significant" if 25 per cent. or more of the value of any class of equity interest in the entity is held by "benefit plan

investors". **Benefit Plan Investors** include any (i) employee benefit plan as defined in Section 3(3) of ERISA, that is subject to Title I of ERISA, (ii) plan described in Section 4975 of the Code, that is subject to Section 4975 of the Code, including without limitation, an individual retirement account or Keogh plan or (iii) entity whose underlying assets include assets of a plan described in (i) or (ii) by reason of a plan's investment in such entity, including but not limited to, as applicable, an insurance company general account, an insurance company separate account or a collective investment fund.

If the assets of the Issuer were deemed to be plan assets of a Plan, the Issuer would be subject to certain fiduciary obligations under ERISA and certain transactions that the Issuer might enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under ERISA or Section 4975 of the Code and might have to be rescinded.

Under the Plan Asset Regulations, an "operating company" is defined as "an entity that is primarily engaged, directly or through a majority owned subsidiary or subsidiaries, in the production or sale of a product or service other than the investment of capital." The Issuer is an "operating company" for purposes of the Plan Asset Regulations, although no assurance can be given in this regard. As such, Benefit Plan Investors may purchase Notes and the underlying assets of the issuer will not be deemed a plan asset.

Nevertheless, prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any of the Notes are acquired by a Benefit Plan Investor with respect to which the Issuer is a Party in Interest. Accordingly, each purchaser and subsequent transferee of any Note will be deemed by such purchase or acquisition of any Note to have represented and warranted, on each day from the date on which the purchaser or transferee acquires the Note through and including the date on which the purchaser or transferee disposes of such Note, that either (i) it is not, is not using the assets of and shall not at any time hold such Note for or on behalf of a Benefit Plan Investor or a governmental, church or non-US plan or (ii) its acquisition, holding and disposition of such Note or of any interest therein, will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of a governmental, church or non-US plan, a violation of any applicable Similar Laws.

Any Plan fiduciary that proposes to cause a Plan to purchase any Notes or any interest therein, should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such investment will not constitute or result in a prohibited transaction or any other violation of an applicable requirement of ERISA. Similarly, fiduciaries of any governmental, church or non-U.S. plans should consult with their counsel before purchasing any of the Notes or any interest therein.

## TRANSFER RESTRICTIONS

### Rule 144A Notes

Each purchaser of Registered Notes, by accepting delivery of this Offering Circular, will be deemed to have represented, agreed and acknowledged that:

- (1) It is (a) a qualified institutional buyer within the meaning of Rule 144A, (b) acquiring such Notes for its own account or for the account of a qualified institutional buyer and (c) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A.
- (2) It understands that such Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a qualified institutional buyer purchasing for its own account or for the account of a qualified institutional buyer, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.
- (3) It will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (2) above, if then applicable.
- (4) It understands that such Notes, unless otherwise determined by the Issuer in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (**RULE 144A**) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THIS NOTE.

- (4) The Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If it is acquiring any Notes for the account of one or more qualified institutional buyers, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.
- (5) It understands that the Notes offered in reliance on Rule 144A will be represented by one or more Global Certificates.

- (6) Distribution of this Offering Circular, or disclosure of any of its contents to any person other than such purchaser and those persons, if any, retained to advise such purchaser with respect thereto is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.
- (7) (i) It is not, is not using the assets of and shall not at any time hold such Note for or on behalf of a Benefit Plan Investor or a governmental, church or non-US plan or (ii) its acquisition, holding and disposition of such Note or of any interest therein, will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of a governmental, church or non-US plan, a violation of any applicable Similar Laws.

**Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.**

## SUBSCRIPTION AND SALE

### Summary of the Programme Agreement

Subject to the terms and on the conditions contained in an Amended and Restated Programme Agreement dated 24 December 2007 (as amended or supplemented as at the Issue Date (the **Programme Agreement**) between the Issuer and the Initial Dealers (as defined in the Programme Agreement) the Notes will be offered on a continuous basis by the Issuer to the Initial Dealers (unless otherwise agreed). However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Initial Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer(s). The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Programme Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer(s) a commission as agreed between them in respect of Notes subscribed by it. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the applicable Final Terms.

No sale of Registered Notes in the United States to any one purchaser will be for less than U.S.\$100,000 (or its foreign currency equivalent) principal amount and no Registered Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$100,000 (or its foreign currency equivalent) of Registered Notes.

### Selling Restrictions

#### Public Offer Selling Restriction under the Prospectus Directive

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 Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following 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, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;



- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
  - (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,
- provided that no such offer of Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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

### **France**

Each Dealer and the Issuer has represented and agreed that:

- (a) with regard to an offer to the public in France, it has only made and will only make an offer of Notes to the public (*appel public à l'épargne*) in France in the period beginning (i) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers* (AMF), on the date of its publication or (ii) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, on the date of notification of such approval to the AMF, and ending at the latest on the date which is 12 months after the date of the approval of this Offering Circular all in accordance with articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF; or
- (b) with regard to a private placement in France, it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Offering Circular, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties and/or (ii) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, articles L.411-1, L.411-2, D.411-1 of the French *Code monétaire et financier*.

### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Bearer Notes having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has represented and agreed that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the relevant Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and only in accordance with Rule 903 of Regulation S or Rule 144A under the Securities Act. Accordingly, each Dealer has further represented and agreed, and each further Dealer appointed pursuant to the Programme will be required to represent and agree that neither it, nor any of its affiliates nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts (within the meaning of Regulation S with respect to any Notes. Each Dealer has further agreed that it will have sent to each dealer to which it sells Notes (other than a sale of Notes issued pursuant to Rule 144A) during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. 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 an offering of Notes, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

The Programme Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to qualified institutional buyers pursuant to Rule 144A.

Each purchaser of Registered Notes that have not been registered under the Securities Act is hereby notified that the offer and sale of such Notes to it is being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A. Each purchaser of Registered Notes pursuant to Rule 144A, by accepting delivery of this Offering Circular, will be deemed to have represented and agreed that it is a qualified institutional buyer, that it is aware that the sale to it is being made in reliance on Rule 144A and that it is acquiring the Notes for its own account or for the account of a qualified institutional buyer. See 'Transfer Restrictions'.

No sale of Registered Notes in the United States to any one purchaser will be for less than U.S.\$100,000 (or its foreign currency equivalent) principal amount and no Registered Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$100,000 (or its foreign currency equivalent) of Registered Notes.

Each issuance of Credit Linked Notes, Equity Linked Notes, Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer(s) may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms. Each of the Dealer(s) agrees that it will offer, well and deliver such Notes only in compliance with such additional U.S. Selling Restrictions.

### ***United Kingdom***

Each Dealer has represented and agreed, and each further Dealer appointed pursuant to the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as 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 FSMA by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### ***Japan***

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No.25 of 1948, as amended; the **FIEL**) and each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

### ***Hong Kong***

Each Dealer has represented and agreed, and each further Dealer appointed pursuant to the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to ‘professional investors’ as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (iii) in other circumstances which do not result in the document being a ‘prospectus’ as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to ‘professional investors’ as defined in the Securities and Futures Ordinance (Cap. 571) and any rules made under that Ordinance.

### ***Taiwan***

The Notes may not be offered or sold in Taiwan through public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Law of Taiwan. The Notes may only be made available for purchase outside of Taiwan by investors residing in Taiwan that are not otherwise prohibited from investing in the Notes.

### ***Singapore***

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or

invitation for subscription or purchase, of Notes may not be circulated or distributed, nor may Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), (b) to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 except:

- (i) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- (ii) where no consideration is given for the transfer; or
- (iii) where the transfer is by operation of law.

### ***Korea***

Each Dealer has represented and agreed that Notes have not been and will not be offered, delivered or sold directly or indirectly in Korea or to any resident of Korea or to others for re-offering or resale directly or indirectly in Korea or to any resident of Korea except as otherwise permitted under applicable Korean laws and regulations.

Each Dealer has undertaken and each further Dealer appointed under the Programme will be required to undertake to ensure that any securities dealer to which it sells Notes confirms that it is purchasing such Notes as principal and agrees with such Dealer that it will comply with the restrictions described above.

### ***Macau***

The Notes may only be promoted, distributed, sold or delivered in the Macau Special Administrative Region of the People's Republic of China (**Macau**), or any document relating to the Notes be distributed or circulated in Macau by Macau licensed entities according to the Macau Financial System Act, in observation of the guidelines and recommendations issued by the Macau local regulatory authority from time to time.

### ***China***

Each Dealer has represented and agreed that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the People's Republic of China (excluding Hong Kong, Macau and Taiwan) as part

of the initial distribution of the Notes. This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any securities in the People's Republic of China (excluding Hong Kong, Macau and Taiwan, the **PRC**) to any person to whom it is unlawful to make the offer or solicitation in the PRC. The Issuer does not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, 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 which would permit a public offering of any Notes or distribution of this document in the PRC. Accordingly, the Notes are not being offered or sold within the PRC by means of this Offering Circular or any other document. Neither this Offering Circular nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

### ***General***

Each Dealer has agreed and each further Dealer appointed pursuant to the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale 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.

None of the Issuer and 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.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

## GENERAL INFORMATION

1. Application has been made to Euronext Amsterdam for Notes issued pursuant to the Programme on or after the implementation of the Prospectus Directive in the Netherlands and up to the expiry of 12 months from the date of this Offering Circular to be admitted to trading on Euronext Amsterdam.
2. As of 1 July 2005 Rabo Securities N.V. has merged with Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland).
3. 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 24 December 2007.
4. Except as disclosed under 'Recent developments' on page 225 of this Offering Circular, 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 30 June 2007.
5. Save as disclosed in 'Legal proceedings', neither the Issuer nor Rabobank Group, nor any of its members or subsidiaries is involved in any litigation or arbitration or other proceedings relating to claims or amounts 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.
6. Each Note, Receipt, Coupon and Talon will bear the following legend: 'Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code'.
7. The Notes have been accepted for clearance through the Euroclear and Clearstream systems. In addition, the Issuer will make an application with respect to any Series of Registered Notes to be accepted for trading in book-entry form by DTC. Acceptance by DTC of each Tranche of a Series of Registered Notes will be confirmed in the applicable Final Terms. The Common Code, the International Securities Identification Number (ISIN), the Committee on the Uniform Security Identification Procedure (CUSIP) number and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms. The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels, the address of Clearstream is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of DTC is 55 Water Street, New York, New York 10041. The address of any alternative clearing system will be specified in the applicable Final Terms.
8. For the period of 12 months following the date of this Offering Circular copies of the following documents will be available free of charge, during usual business hours on any weekday (Saturdays and public holidays excepted), at the offices of the Paying Agents:
  - (a) the Agency Agreement (as amended and supplemented from time to time) (which includes the form of the Global Notes, the Definitive Notes, and the Coupons, Talons and Receipts relating to Definitive Notes) and the Covenant (as amended and supplemented from time to time);
  - (b) the Articles of Association of the Issuer;
  - (c) the audited consolidated and unconsolidated financial statements of Rabobank Group for the years ended 31 December 2004, 2005 and 2006 (together with the explanatory notes) and the auditor's report in respect of such financial statements;

- (d) the annual reports of Rabobank Group for the years ended 31 December 2004, 2005 and 2006;
  - (e) a copy of the latest Offering Circular (together with any supplement including the Final Terms thereto); and
  - (f) a copy of the 2006 ISDA Definitions.
9. For the period of 12 months following the date of this Offering Circular, 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.
  10. 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.  
  
Ernst & Young has given its consent to the inclusion in this Offering Circular of its review report for the six-months period ended June 30, 2007 as incorporated by reference herein in the form and context in which it appears.
  11. A copy of this Offering Circular has been, and a copy of each Final Terms will be filed with the Netherlands Authority for the Financial Markets.
  12. The Issuer is subject to corporate income tax.
  13. 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.
  14. 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).

**PRINCIPAL OFFICE OF THE ISSUER**

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

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**INDEPENDENT AUDITOR TO THE ISSUER**

**Ernst & Young Accountants**

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**EURONEXT AMSTERDAM LISTING AGENT**

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