

Base Prospectus
25 August 2008

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



RABOBANK STRUCTURED PRODUCTS

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

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

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

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

This Base Prospectus is a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “**Prospectus Directive**” and the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (the “**Financial Supervision Act**”) and regulations thereunder (together “**Dutch financial supervision laws**”) and has been approved by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten* or “**AFM**”), in its capacity as competent authority under Dutch financial supervision laws, in accordance with the provisions of the Prospectus Directive and Dutch financial supervision laws on 25 August 2008.

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

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

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

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

This Base Prospectus supersedes and replaces the Base Prospectus dated 9 August 2007.

Dealer

RABOBANK INTERNATIONAL

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SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Base Prospectus. Any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference, 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 Base Prospectus. Where a claim relating to information contained in this Base Prospectus 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 Base Prospectus before the legal proceedings are initiated. Words and expressions defined in Terms and Conditions of the Notes below shall have the same meanings in this summary.

*Unless the context otherwise requires, references in this summary to the ‘**Rabobank Group**’, ‘**Rabobank**’ or the ‘**Group**’ are to Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland) and its members, subsidiaries and affiliates. 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 Base Prospectus and the Debt Issuance 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.

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Description

German Debt Issuance Programme

Date

25 August 2008

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 Base Prospectus to '**Dealers**' are to the persons that are appointed as dealers in respect of the Programme (and whose appointment has not been terminated) and all persons appointed as a dealer in respect of one or more Tranches.

Fiscal Agent

BNP Paribas Securities Services S.A. - Frankfurt Branch

Paying Agents

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

Listing Agent

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

Issue Price

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

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).

Programme Amount

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

Method of Issue

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

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.

No payments in the U.S.

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

No Ownership by U.S. Persons

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

No Ownership by U.S. Persons

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

Form of Notes

The Notes will be issued in bearer form.

Definitive Notes will not be printed. Notes to which U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (the “**TEFRA C Rules**”) applies (“**TEFRA C Notes**”) will be represented by a permanent global Note in bearer form, without interest coupons, in a nominal amount equal to the aggregate nominal amount of such Notes (“**Permanent Global Note**”). Notes to which U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (the “**TEFRA D Rules**”) applies (“**TEFRA D Notes**”) will be represented initially by a Temporary Global Note which will be exchanged for Notes represented by one or more Permanent Global Note(s), in each case not earlier than 40 days (and not later than 180 days) after the later of (i) the commencement of the offering and (ii) the relevant issue date (the “**Exchange Date**”), upon certification of non-U.S. beneficial ownership in the form available from time to time at the specified office of the Fiscal Agent. Notes with an initial maturity of one year or less, or that are issued in circumstances in which the Notes will not constitute “registration required obligations” for U.S. income tax purposes, in which cases the relevant Final Terms will indicate that TEFRA is inapplicable to the transaction, will be represented by a Permanent Global Note. Each Global Note representing TEFRA D Notes will bear the following legend: “Any United States person (as defined in the Internal Revenue Code) who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.” The sections of the U.S. Internal Revenue Code referred to in the legend provide that a United States taxpayer, with certain exceptions, will not be permitted to deduct any loss, and will not be eligible for capital gains treatment with respect to any gain realised on any sale, exchange or redemption of Notes.

Clearance, Settlement and Initial Delivery of Notes

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

Denomination of Notes

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

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.

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”.

Exchangeable Notes

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

Dual Currency Notes

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, Index Linked Interest Notes, Equity Linked Interest Notes and Dual Currency Interest Notes:

Floating Rate Notes, Index Linked Interest Notes, Equity 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 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 the 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”.

Negative Pledge

None.

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.

Listing

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

Taxation

Rabobank Nederland is a Dutch resident for tax purposes. For the Dutch and German 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

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

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”.

Jurisdiction

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

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. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

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 Base Prospectus and the Debt Issuance 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 points¹ 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).

¹ 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 risk² on capital invested in foreign activities and issues of Trust Preferred Securities not denominated in euro.

Operational risk

As a risk type, operational risk has acquired its own distinct position in the banking world. It is defined as "the risk of losses resulting from failure of internal processes, people or systems or from external events".

Competitive Environment

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

Business Environment

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

Credit Ratings

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

Credit Exposure

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

² Translation risk is the risk that exists when assets or liabilities are denominated in a currency deviating from the presentation currency.

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

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor 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.

Equity Linked Notes, Index Linked Notes and Dual Currency Notes

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

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable 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.

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 nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

No claim against any Reference Item

A Note will not represent a claim against any item (a “**Reference Item**”) to which the amount of principal and/or interest payable or amount of specified assets deliverable in respect of the Notes is dependent and, in the event that the amount paid by the Issuer or the value of the specified assets delivered on redemption of the Notes is less than the principal amount of the Notes, a Noteholder will not have recourse under a Note to any Reference Item.

An investment in Notes linked to one or more Reference Items may entail significant risks not associated with investments in conventional debt securities, including but not limited to the risks set out in this section³. 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.

³ 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

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally⁴:

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.

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 § 14 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

⁴ 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

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

Loss of principal

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

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk⁵:

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.

⁵ 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

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.

IMPORTANT INFORMATION

The Issuer (the “**Responsible Person**”), accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Where information has been sourced from a third party, the Responsible Person confirms that this information has been accurately reproduced and that as far as it is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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

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

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

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

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

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

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in jurisdictions other than the Netherlands. The Issuer and the Dealers do not represent that this Base Prospectus may be

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the Terms and Conditions of notes as set forth in the offering circular of the Issuer’s predecessor, Rabo Securities N.V., dated 28 November 2003, as supplemented on 1 March 2004, 9 June 2004, 2 November 2004 and 4 April 2005, in respect of Notes (e.g. second and further tranche issues) if such Notes are to be consolidated and form a single series with aforementioned notes;
- (b) the Terms and Conditions of notes as set forth in the offering circular of the Issuer, dated 17 June 2005, as supplemented on 9 June 2006, in respect of Notes (e.g. second and further tranche issues) if such Notes are to be consolidated and form a single series with aforementioned notes;
- (c) the Terms and Conditions of notes as set forth in the offering circular of the Issuer, dated 13 July 2006, in respect of Notes (e.g. second and further tranche issues) if such Notes are to be consolidated and form a single series with above-mentioned notes;
- (d) the Terms and Conditions of notes as set forth in the base prospectus of the Issuer, dated 9 August 2007, in respect of Notes (e.g. second and further tranche issues) if such Notes are to be consolidated and form a single series with above-mentioned notes;
- (e) the annual reports of Rabobank Group for the years ended 31 December 2005, 2006 and 2007;
- (f) the audited consolidated financial statements of Rabobank Group and unconsolidated financial statements of Rabobank Nederland for the years ended 31 December 2005, 2006 and 2007 (together with the explanatory notes); and
- (g) the most recent articles of association of the Issuer.

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

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

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

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

ISSUE PROCEDURES

General

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

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

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

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

Non-consolidated Terms and Conditions

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

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

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

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

Consolidated Terms and Conditions

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

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

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

FORM OF FINAL TERMS

FINAL TERMS

[For Equity Linked Notes insert:]

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

[For Index Linked Notes insert:]

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

[For principal protected Notes insert:]

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

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

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

ISIN: [●]

[insert Date]

Common Code: [●]

Other securities code: [●]

RABOBANK STRUCTURED PRODUCTS

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

PART A - CONTRACTUAL TERMS

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

The Final Terms are to be read in conjunction with the Base Prospectus dated 25 August 2008 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC). This document constitutes the Final Terms of the Notes described [herein for the purposes of Article 5.4 of the Prospectus Directive⁶] and must be read in conjunction with the Base Prospectus. The Base Prospectus is available for viewing at Rabobank International, Croeselaan 18, 3521 CB Utrecht, The Netherlands and www.rabobank.nl and copies may be obtained from Rabobank International, Croeselaan 18, 3521 CB Utrecht, The Netherlands.

[The following alternative language applies if the first tranche of an issue which is being increased (a further issue pursuant to §11) was issued under a Base Prospectus with an earlier date (the “Relevant Increase”)]

The Final Terms are to be read in conjunction with the Base Prospectus dated [●] which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC). This document constitutes the Final Terms of the Notes described [herein for the purposes of Article 5.4 of the Prospectus Directive⁷] and must be read in conjunction with the Base Prospectus, save in respect of the Conditions and the Terms and Conditions (as defined below) which are extracted from the Base Prospectus dated [●] and are attached hereto.]

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

[The table below sets out the terms and conditions of the Notes (the “§” or the “**Conditions**”) and shall be read in conjunction with the terms and conditions set out in the Base Prospectus [dated [●]⁸] (the “**Terms and Conditions**”). [A non-binding [German] [or English] language translation of the Conditions and the Terms and Conditions are attached to the Final Terms].

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

[The terms and conditions of the Notes (the “§”, or the “**Conditions**”) are set out below [and a non-binding [German] [or English] language translation thereof is attached to the Final Terms]. The Conditions replace in full the terms and conditions of the Notes as set out in the Base Prospectus [dated [●]⁹] and are deemed to be “**Terms and Conditions**” for the purposes hereof.] These Final Terms are issued to give details of an issue of Notes under the Euro 1,500,000,000 German Debt Issuance Programme of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (the “**Programme**”).

⁶ Delete in the case of Notes issued pursuant to an exception or exemption pursuant to Dutch financial supervision laws

⁷ Delete in the case of Notes issued pursuant to an exception or exemption pursuant to Dutch financial supervision laws

⁸ Insert in case of a Relevant Increase only

⁹ Insert in case of a Relevant Increase only

The Final Terms are to be read in conjunction with the Base Prospectus dated [●] which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC). This document constitutes the Final Terms of the Notes described [herein for the purposes of Article 5.4 of the Prospectus Directive¹⁰] and must be read in conjunction with the Base Prospectus[.][,] [save in respect of the Conditions and the Terms and Conditions (as defined below) which are extracted from the Base Prospectus dated [●] and are attached hereto.¹¹]

The Base Prospectus [and the Base Prospectus dated [●] are¹²] [is] available for viewing at Rabobank International, Croeselaan 18, 3521 CB Utrecht, The Netherlands and www.rabobank.nl and copies may be obtained from Rabobank International, Croeselaan 18, 3521 CB Utrecht, The Netherlands.

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

[The table below sets out the terms and conditions of the Notes (the “§” or the “**Conditions**”) and shall be read in conjunction with the terms and conditions set out in the Base Prospectus [dated [●]¹³] (the “**Terms and Conditions**”). [A non-binding [German] [or English] language translation of the Conditions and the Terms and Conditions are attached to the Final Terms].

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

[The terms and conditions of the Notes (the “§”, or the “**Conditions**”) are set out below [and a non-binding [German] [or English] language translation thereof is attached to the Final Terms]. The Conditions replace in full the terms and conditions of the Notes as set out in the Base Prospectus [dated [●]¹⁴] and are deemed to be “**Terms and Conditions**” for the purposes hereof.]

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

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

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

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

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

The distribution of these Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession these Final Terms comes are required by the Issuer to inform themselves about and to observe any such restrictions. For a further description of certain restrictions

¹⁰ Delete in the case of Notes issued pursuant to an exception or exemption pursuant to Dutch financial supervision laws

¹¹ Insert if the first tranche of an issue which is being increased (a further issue pursuant to §11) was issued under a Base Prospectus with an earlier date (the “**Relevant Increase**”

¹² Insert in case of a Relevant Increase only

¹³ Insert in case of a Relevant Increase only

¹⁴ Insert in case of a Relevant Increase only

on the offering and sale of the Series, see “Subscription and Sale” in the Base Prospectus as supplemented or amended by these Final Terms.

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

- | | | |
|----|--------------------------------------|---|
| 1 | Issuer: | Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
(Rabobank Structured Products) |
| 2 | (i) Series Number: | [•] |
| | (ii) Tranche Number: | [•] <i>[if fungible with an existing Series, details of that Series, including the date on which the Notes become fungible]</i> |
| 3 | Specified Currency or Currencies: | [•] |
| 4 | Aggregate Nominal Amount: | [•] |
| | (i) Series: | [•] |
| | (ii) Tranche: | [•] |
| 5 | Issue Price: | [•]% [plus accrued interest from <i>[insert date]</i> <i>[in the case of fungible issues only, if required]</i> <i>[If Issue Price is not yet known, specify details and time schedule for its determination.]</i> |
| 6 | Specified Denomination(s): | [•] |
| 7 | (i) Issue Date: | [•] |
| | (ii) Interest Commencement Date: | [•] <i>[only if different from Issue Date]</i> |
| | (iii) Subscription Period | [Not Applicable] <i>[specify details]</i> |
| 8 | Maturity Date [or redemption month]: | [•] [Fixed Rate – <i>Specify date</i>]
[Floating Rate – Interest Payment Date falling in or nearest to <i>[specify month]</i>] (the Scheduled Maturity Date) |
| 9 | Interest Basis: | [[•] per cent. Fixed Rate]
[LIBOR/EURIBOR/[other] + [•] [per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Equity Linked Interest]
<i>[Other (specify)]</i>
(further particulars specified below) |
| 10 | (a) Redemption/Payment Basis: | [Redemption at par]
[Index Linked Redemption]
[Equity Linked Redemption]
<i>[Other (specify)]</i> |
| | (b) Protection Amount: | [[•] per cent. of the Specified Denomination/Not Applicable]] |

- 11 Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]* [Not Applicable]
- 12 Put/Call Options/Obligatory Redemption: [Put Option]
[Call Option]
[Obligatory Redemption]
(further particulars specified below)/[Not Applicable]
- 13 (i) Status of the Notes: [Unsubordinated][Subordinated]
(ii) Date of approval for issuance of Notes obtained: [●]
- 14 Method of distribution: [Syndicated][Non-Syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

FIXED RATE NOTE PROVISIONS

- 15 Fixed Rate Note Provisions: [Applicable][Not Applicable]
[If not applicable, delete the remaining sub-paragraphs of this paragraph]
- (i) Rate(s) of Interest: [●]% per annum
[payable [annually][semi-annually][quarterly][*Other(specify)*] in arrears]
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[*Specify other*]/Not Applicable]
- (iv) Fixed Coupon Amount(s): [●] per Specified Denomination
- (v) Broken Amount(s): [Insert particulars of any short or long coupon]
- (vi) Day Count Fraction: [Actual/Actual (ICMA)]
[30/360]
[30E/360 or Eurobond Basis]
[Actual/Actual (ISDA)]
[Actual/365 (Fixed)]
[Actual/360]
[*Other (specify)*]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None][*Give details*]

FLOATING RATE NOTE PROVISIONS

- 16 Floating Rate Note Provisions: [Applicable][Not Applicable]*[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (i) Specified Interest Period(s) / Specified Interest Payment [●]

- Date(s):
- (ii) Business Day Convention (§3 (3)): [FRN Convention][Following Business Day Convention][Modified Following Business Day Convention][Preceding Business Day Convention][*Other (specify)*]
- (iii) Relevant Financial Centre(s) (§5 (3)): [•]
- (iv) Manner in which the Rate(s) of Interest and Interest Amount is to be determined: [Screen Rate Determination][ISDA Determination][*Other (specify)*]
- (v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [*Insert name*][Not Applicable]
- (vi) Screen Rate Determination (§3 (2)):
- Reference Rate: [•]
 - Interest Determination Date(s): [*If LIBOR:*] [second London business day prior to the start of each Interest Period]
[*If EURIBOR or euro LIBOR:*] [second TARGET business day prior to the start of each Interest Period]
[*Other days*]
 - Relevant Screen Page: [•]
- (vii) ISDA Determination (§3(2)):
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
- (viii) Margin(s): [+/] [•]% per annum
- (ix) Minimum Rate of Interest: [•]% per annum
- (x) Maximum Rate of Interest: [•]% per annum
- (xi) Day Count Fraction: [Actual/Actual (ICMA)]
[30/360]
[30E/360 or Eurobond Basis]
[Actual/Actual (ISDA)]
[Actual/365 (Fixed)]
[Actual/360]
[*Other (specify)*]
- (xii) Other terms or special conditions: [•]

ZERO COUPON NOTE PROVISIONS

17 Zero Coupon Note Provisions: [Applicable][Not Applicable] [if not applicable, delete

- the remaining sub-paragraphs of this paragraph]
- (i) [Amortisation/Accrual] Yield: [●]% per annum
 - (ii) Reference Price: [●]
 - (iii) Any other formula/basis of determining amount payable [●]

EQUITY LINKED INTEREST PROVISIONS

- 18 Equity Linked Interest Provisions: [Applicable][Not Applicable]
- (i) Underlying Securities: [Give details for each class of Underlying Equity:
 - (a) Underlying Security: [●]
 - (b) Issuer(s) of Underlying Securites: [●]
 - (c) The ISIN/Common Code of Underlying Securites: [●]

[See Schedule attached hereto]
 - (ii) Description of formula to be used to determine the Rate of Interest: [Give details]/[See Schedule]
 - (iii) Provisions for determining the Rate of Interest where calculation by reference to the Underlying Security and/or formula is impossible or impracticable: [●]
 - (iv) Specified Period(s)/Specified Interest Payment Date(s): [●]
 - (v) Business Day Convention: [●]
 - (vi) Relevant Financial Centres [●]
 - (vii) Minimum Rate of Interest: [●] per cent. per annum]
 - (viii) Maximum Rate of Interest: [●] per cent. per annum]
 - (ix) Day Count Fraction: [Actual/Actual (ICMA)]
[30/360]
[30E/360 or Eurobond Basis]
[Actual/Actual (ISDA)]
[Actual/365 (Fixed)]
[Actual/360]
[Other (specify)]
 - (x) Valuation Date(s): [●]
 - (xi) Valuation Time: [●]
 - (xii) Exchange(s): [●]

- (xiii) Related Exchange(s): [•]
- (xiv) Exchange Rate: [•]
- (xv) Other terms or special conditions: [•]

INDEX LINKED INTEREST NOTE PROVISIONS

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

DUAL CURRENCY INTEREST NOTE PROVISIONS

- 20 Dual Currency Interest Note [Applicable][Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
Provisions:

- (i) Rate of Exchange/method of calculating Rate of Exchange: [**Other (specify)**]
- (ii) Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable: [•]
- (iii) Day Count Fraction: [•]
- (iv) Other terms or special conditions: [•]

PROVISIONS RELATING TO REDEMPTION

- 21 Call Option (§4(3)): [Applicable][Not Applicable]
[If not applicable, delete the remaining sub-paragraphs of this paragraph]
- (i) Optional Redemption Date(s): [•]
 - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Specified Denomination
 - (iii) If redeemable in part: [•]
 - (a) Minimum Redemption Amount: [•]
 - (b) Higher (Maximum) Redemption Amount: [•]
 - (iv) Notice period: [•] *[if different from §4(3)]*
- 22 Put Option (§4(4)): [Applicable][Not Applicable]
[if not applicable, delete the remaining sub-paragraphs of this paragraph]
- (i) Put Redemption Date(s): [•]
 - (ii) Put Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Specified Denomination
 - (iii) Notice period: [•] *[if different from §4(4)]*
- 23 Obligatory Redemption: [Applicable][Not Applicable]
[If not applicable, delete the remaining sub-paragraphs of this paragraph]
- (i) Obligatory Redemption Date(s): [•]
 - (ii) Obligatory Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Specified Denomination
 - (iii) Notice period: [•]
- 24 Final Redemption Amount of each Note: [Par] [[•] per Specified Denomination] [see item [[25] [26]] below] [**Other (specify)**] [See Schedule]

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

reference to the Underlying Securities and/or formula is impossible or impracticable:

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

PROVISIONS RELATING TO EXCHANGEABLE NOTES

- 27 Exchangeable Note Provisions:
- (i) Share Basket Transaction: [Applicable][Not Applicable]
 - (ii) Index Basket Transaction: [Applicable][Not Applicable]
 - (iii) Conversion Right of the Noteholder: [Applicable][Not Applicable]
 - (iv) Reverse Conversion Right of the Issuer: [Applicable][Not Applicable]
 - (v) Underlying Securities: *[Specify number of Underlying Securities]* *[Description]*

of Underlying Securities]

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

PROVISIONS RELATING DUAL CURRENCY NOTES

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

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 29 Form of Notes: [Bearer Notes][Exchangeable Bearer Notes]
- [Temporary Global Note exchangeable for Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances set out in the Permanent Global Note [and/or by the holder giving [60] days’

- notice to the Fiscal Agent of its election for exchange]
- 30 Relevant Financial Centre(s) or other special provisions relating to Payment Days (§5(3)): [Not Applicable][*Give details*]
- 31 Details relating to Partly-Paid Notes: [Not Applicable][*Specify*]
- 32 Redenomination, renominatisation and reconventioning provisions: [Not Applicable][*Insert provisions*]
- 33 Further Issues provisions: [Not Applicable][*Insert provisions*]
- 34 Other final terms: [Not Applicable][*Specify*]

DISTRIBUTION

- 35 (i) If syndicated, names (and addresses) of Managers: [Not Applicable][*Give names*]
- (ii) Stabilising Manager (if any): [Not Applicable][*Give names*]
- (iii) If non-syndicated, name of Dealer: [Not Applicable][*Give names*]
- (iv) Total commission and concession: [Not Applicable] / [●] per cent of the aggregate nominal amount/certain fees or commissions will be payable to third party distributors and/or the Note will be sold at a discount to the Issue Price on the primary sale of the Notes]/ [*Give details*]
- (v) Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D][TEFRA C][TEFRA not applicable]
- 36 Additional selling restrictions: [Not Applicable][*Give details*]

RESPONSIBILITY

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

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

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

Signed on behalf of the Issuer:

By: _____

Duly authorised

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

Summary of the consolidated Terms and Conditions of the Notes:

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

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

will be sold at a discount to the Issue Price on the primary sale of the Notes]/ ***[Give details]***

Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D][TEFRA C][TEFRA not applicable]

Additional selling restrictions: [Not Applicable][***[Give details]***]

RESPONSIBILITY

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

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

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

Signed on behalf of the Issuer:

By: _____

Duly authorised

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

[Consolidated Terms and Conditions to be inserted]

PART B - OTHER INFORMATION

1 LISTING

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

2 RATINGS

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

3 NOTIFICATION

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

4 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

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

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

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

[●]

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

- (ii) Estimated net proceeds:

[●]

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

- (iii) Estimated total expenses:

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

6 [YIELD [Fixed Rate Notes Only]]

Indication of yield:

[●]

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

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

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

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

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

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

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

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

[See Appendix A]

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

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

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

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

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

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

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

[See Appendix B]

11 OPERATIONAL INFORMATION

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

12 TERMS AND CONDITIONS OF THE OFFER

- (a) Offer Period:
- [[The offer of the Notes is expected to open at [●] hours (Central European Time) on [●] and close at [●] hours (Central European Time) on [●] or such earlier or later date or time as the Issuer may determine and will be announced in [●]].
- [The Issuer reserves the right to withdraw the offer of the Notes until [●] at the latest. Such withdrawal will be announced in the aforementioned publication[s].]
- [The aggregate nominal amount of the Notes to be issued and allotted will be announced by the Issuer at [●] hours (Central European Time) on [●] or such earlier or later date or time as the Issuer may determine and will be announced in the aforementioned publication[s].]
- [The Issuer reserves the right to decrease or increase the aggregate nominal amount of the Notes to be issued. Such decrease or increase will be announced in the aforementioned publication[s]].
- If the Issuer decreases or increases the Aggregate Nominal Amount the number of Notes issued will be decreased or increased with a number equal to the division of the decreased or increased Aggregate Nominal Amount by the Specified Denomination.
- [[No] [D/d]ealing in the Notes will be possible before the definitive aggregate nominal amount of the Notes is announced as set out above.]
- [Not Applicable]
- (b) Reduction of subscriptions:
- [[Subscriptions in excess of the Issue Amount will be reduced systematically. Reduction will be announced by the Issuer at [●] hours (Amsterdam time) on [●] or such earlier or later date or time as the Issuer may determine and will be announced in the aforementioned publications.]
- [Not Applicable]
- (c) Maximum and minimum subscription amount:
- [●] and [●].

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

[if not applicable, delete this appendix]

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

INDEX DESCRIPTION

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

RECENT PERFORMANCE OF INDEX

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

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

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

(Source: *[Bloomberg]*)

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

(Source: *[Bloomberg]*)

*The table shows the high and low prices of the Index level from year to year. While the tables above provide some historical data regarding the risks of investing in the Index, past results are not necessarily indicative of future performance. Prospective purchasers of Notes are advised to consult their own legal, tax, accountancy

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

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

[If not applicable, delete this appendix]

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

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

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

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

General Information

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

The Underlying Securities

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

Share Price Information*

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

	High	Low
[Year].....	[●]	[●]
[Year].....	[●]	[●]
[Year].....	[●]	[●]

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

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

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

Source: *[Bloomberg]*

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

Dividends

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

Currency

- [•]
- [•]
- [•]

Source: *[Bloomberg]*

Holding of Shares

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

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

Financial Statements relating to *[Company]*

The Company publishes its financial statements in *[LANGUAGE(S)]* on [an annual][a semi-annual][a quarterly] basis. [Audited annual financial statements are published in the Company’s annual report which

can be found on its website. None of the Issuer or the Dealer accepts any responsibility for the accuracy or completeness of any information found on the Company's website.]

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

Source: [*annual report/website address*]

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

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

[Insert financial statements]

TERMS AND CONDITIONS OF THE NOTES

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

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

§ 1

(Currency. Denomination. Form. Clearing System)

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

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

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

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

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

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

§ 2
(Status)

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

§ 3
(Interest)

[In the case of Fixed Rate Notes insert:]

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

[In the case of Floating Rate Notes and Index or Equity linked interest Notes or Dual Currency Notes insert:]

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

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

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

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

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

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

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

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

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

[other to be specified]

[In the case of Floating Rate Notes and Dual Currency Notes insert:]

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

[In case of Floating Rate Notes insert:]

[Where ISDA Determination is specified insert:]

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

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

Where:

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

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

[Where Screen Rate Determination is specified insert:]

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

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

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

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

[If Minimum Rate of Interest applies insert]

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

[If Maximum Rate of Interest applies insert:

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

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

[in case of “Actual/Actual (ICMA)”:]

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

[in the case of “30/360”:]

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

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

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

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

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

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

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

[in the case of “Actual/360”:]

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

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

[in case of non-interest bearing notes:]

[The Notes will be non-interest bearing.]

§ 4

(Final Redemption. Tax Call. [Call Option] [Put Option.] [Obligatory Redemption.])

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

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

[(3)] [*Redemption at the option of the Issuer (Issuers Call).*] [The Issuer may redeem all or some only of the Notes then outstanding on *[insert optional redemption dates]* (each an “**Optional Redemption Date**”) at their Optional Redemption Amount together, with any interest accrued to (excluding) the relevant Optional Redemption Date upon having given (i) not less than five (5) Business Days’ notice to the Noteholders in accordance with §12 and (ii) not less than seven (7) Business Days before the giving of the notice referred to in (i), notice to the Fiscal Agent (which notices shall be irrevocable and shall specify the Optional Redemption Date fixed for redemption). Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Higher Redemption Amount. In the case of a partial redemption of Notes, the Notes to be redeemed will be selected in accordance with the rules of the Clearing System.]

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

[(3)][(4)] [*Obligatory Redemption.*] The Issuer shall redeem all, but not some only, of the Notes then outstanding on *[insert optional redemption dates]* (each an “**Obligatory Redemption Date**”) at their Obligatory Redemption Amount [together, with any interest accrued to (excluding) the relevant Obligatory Redemption Date].

For the purposes of this §4 and §8 (Events of Default) the following applies:

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

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

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

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

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

[In case of Index Linked, Equity Linked and Exchangeable Notes supplement the relevant Terms and Condition by Supplemental Terms and Conditions and specify any applicable Protection Amount as specified in the Final Terms or define herein; insert relevant provisions for dual currency Notes; insert any other provisions, if necessary.]

§ 5

(Payments)

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

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

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

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

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

- (4) “**United States**” means the United States of America including the States thereof and the District of Columbia and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).
- (5) *Discharge.* The Issuer shall be discharged by payment or, as the case may be, delivery to, or to the order of, the Clearing System.
- (6) *References to Principal and Interest.* References to “principal” shall be deemed to include, as applicable the Final Redemption Amount of the Notes; the Early Redemption Amount of the Notes; the Optional Redemption Amount of the Notes; and any premium and any other amounts which may be payable under or in respect of the Notes. References to “interest” shall be deemed to include, as applicable, any Additional Amounts which may be payable under §6.

§ 6

(Taxation)

All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction by the Issuer for, any taxes, duties, assessments or governmental charges of

whatever nature imposed, levied, collected, withheld or assessed by or within Germany or the Netherlands, or any authority therein or thereof having power to tax, unless such withholding or deduction by the Issuer is required by law. In that event the Issuer shall pay such additional amounts (the “**Additional Amounts**”) as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Amounts shall be payable with respect to any Note

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

§ 7

(Prescription)

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

§ 8

(Events of Default)

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

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

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

§ 9 (Agents)

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

Fiscal Agent and Principal Paying Agent:	BNP Paribas Securities Services S.A. Frankfurt Branch Grüneburgweg 14 60322 Frankfurt am Main
Paying Agent[s]:	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) Croeselaan 18 3521 CB Utrecht The Netherlands <i>[insert name and specified office of other paying agent]</i>
[Calculation Agent:	<i>[insert name and specified office]]</i>
[Delivery Agent:	<i>[insert name and specified office]]</i>

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

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

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

§ 10

(Substitution of the Issuer)

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

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

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

§ 11

(Further Issues. Purchases. Cancellation)

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

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

§ 12

(Notices)

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

§ 13

(Governing Law, Jurisdiction and Process Agent)

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

§ 14
(Language)

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

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

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

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

§3 (2)

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

"Rate of Interest" means

[•]

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

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

[insert formula / conditions]

[see Schedule]

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

[If Minimum Rate of Interest applies insert]

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

[If Maximum Rate of Interest applies insert:

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

[In the case of Dual Currency Notes insert:]

§3 (2)

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

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

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

[In all other cases insert: [§4a]]

(General Definitions)

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

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

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

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

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

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

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

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

“**Market Disruption Event**” means, in respect of [an Index][a Share], the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one-hour period that ends at the relevant Valuation Time, or (iii) an Early Closure. *[Insert in the case of Index Linked Notes:]* [For the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a security included in such Index at any time, then the relevant percentage contribution of that security to the level of such Index shall be based on a comparison of (x) the portion of the level of such Index attributable to

that security and (y) the overall level of such Index, in each case immediately before the occurrence of such Market Disruption Event.]

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

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

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

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

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

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

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

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

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

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

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

[In the case of Index Linked Notes insert:]

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

[In all other cases insert: [§4b]]

(Specific Definitions)

“**Index**” means [insert name(s) of Index or Indices].

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

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

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

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

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

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

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

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

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

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

§4c
(Redemption)

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

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

[In all other cases insert: [§4d]]

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

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

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

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

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

[In all other cases insert: [§4b]]

(Specific Definitions)

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

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

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

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

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

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

“**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of or any analogous proceeding affecting a Share Issuer, (A) all the Shares of that Share Issuer are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of that Issuer become legally prohibited from transferring them.

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

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

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

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

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

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

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

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

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

§4c

(Redemption[. Extraordinary Events])

[(1) *Redemption.*] The Notes shall be redeemed on *[insert maturity date]* (the “**Maturity Date**”) by [either] *[Insert in the case of cash settlement:]* [payment of the Equity Linked Redemption Amount] *[Insert in the case of physical settlement:]* [or] delivery of the Underlying Security in an amount equal to the Reference Asset Amount, as determined by the Issuer]. The [Equity Linked Redemption Amount] [or the Reference Asset Amount] in respect of each Note shall be calculated by the Calculation Agent in accordance with the provisions hereof and shall be notified to the Noteholders in accordance with §12 by the Calculation Agent immediately after being determined.

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

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

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

[[§4d]

(Delivery of Underlying Securities)

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

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

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

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

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

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

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

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

- (2) *Corrections.* In the event that any price or level published on the Exchange and which is utilized for any calculation or determination made in relation to the Notes is subsequently corrected and the correction is published by the Exchange before the the relevenat date of payment, the Calculation Agent will, to the extent still possible from a settlement perspective, determine the amount that is payable or deliverable as a result of that correction, and, to the extent necessary, will adjust the terms of such Notes to account for such correction and will notify the Noteholders accordingly pursuant to §12.
- (3) *Disrupted Days.* If the Calculation Agent in its sole and absolute discretion determines that any Equity Valuation Date is a Disrupted Day, then the Equity Valuation Date shall be the first succeeding

Exchange Business Day that the Calculation Agent determines is not a Disrupted Day, unless the Calculation Agent determines that each of the five Exchange Business Days immediately following the original date is a Disrupted Day. In that case and for the purpose of determining the Equity Linked Redemption Amount or any other relevant amounts:

- (a) that fifth Exchange Business Day shall be deemed to be the Equity Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
- (b) the Calculation Agent shall determine its good faith estimate of the value of the Shares as of the Equity Valuation Time on that fifth Exchange Business Day.

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

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

[In the case of Exchangeable Notes insert:]

§4b (Special Definitions)

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

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

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

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

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

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

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

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

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

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

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

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

§4c

(Conversion Right. [Cancellation and Payment.])

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

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

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

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

- (([●])) *Certification.*

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

delivery of the Reference Asset Amount if such delivery is to be made otherwise than in the manner specified in these Terms and Conditions;

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

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

- (a) specify the nominal amount of Notes which are the subject of such notice;
 - (b) include an undertaking to pay all Delivery Expenses and an authority to debit a specified account of the Noteholder in respect thereof and to pay such Delivery Expenses; and
 - (c) authorise the production of such notice in any applicable administrative or legal proceedings.
- (viii) In addition to the Reference Asset Transfer Notice, the Noteholder must simultaneously deliver the Notes which are subject to such Reference Asset Transfer Notice to the Fiscal Agent either (1) by transferring (book entry transfer) the Notes to the Clearing System account of the Fiscal Agent, or (2) by an irrevocable instruction to the Fiscal Agent to withdraw the Notes from a deposit account of the relevant Noteholder with the Fiscal Agent on the relevant payment date.
- (ix) No Reference Asset Transfer Notice may be withdrawn after receipt thereof by the Fiscal Agent as provided above. After delivery of a Reference Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice.
- (x) Failure to properly complete and deliver a Reference Asset Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in these Conditions shall be made by the Fiscal Agent after consultation with the Issuer, and shall be conclusive and binding on the Issuer and the relevant Noteholder.
- (xi) If no certification of non-U.S. Person beneficial ownership (in the form set out in the Reference Asset Transfer Notice) is provided by the relevant Physical Delivery Cut-Off Date, then the Issuer may, instead of delivering, or having delivered on its behalf, the Underlying Securities, satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of a

cash amount, calculated by the Calculation Agent to represent the fair market value of the Underlying Securities on such day as shall be selected by the Calculation Agent in good faith and in a commercially reasonable manner, adjusted to take account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any relevant Share or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements).

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

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

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

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

§4d
(Delivery of Underlying Securities)

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

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

§4e
(Calculation Agent Adjustment)

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

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

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

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

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

USE OF PROCEEDS

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

DESCRIPTION OF COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A.

Description of Business of the Rabobank Group

General

The Rabobank Group is one of the largest banking organisations in the Netherlands and the largest mortgage lending and savings organisation in the Netherlands by market share. We are one of the 25 largest banking institutions in the world in terms of assets and Tier I capital (according to The Banker, July 2008, www.thebanker.com). We offer a broad range of financial, insurance and asset management services across retail, corporate and commercial sectors, both domestically and internationally. The Rabobank Group has the highest credit ratings awarded by the international rating agencies Moody's (Aaa since 1986) and Standard & Poor's (AAA since 1985). On a consolidated basis, our total assets were €571 billion at 31 December 2007. At 31 December 2007, we had 54,737 full-time equivalent employees ("FTEs").

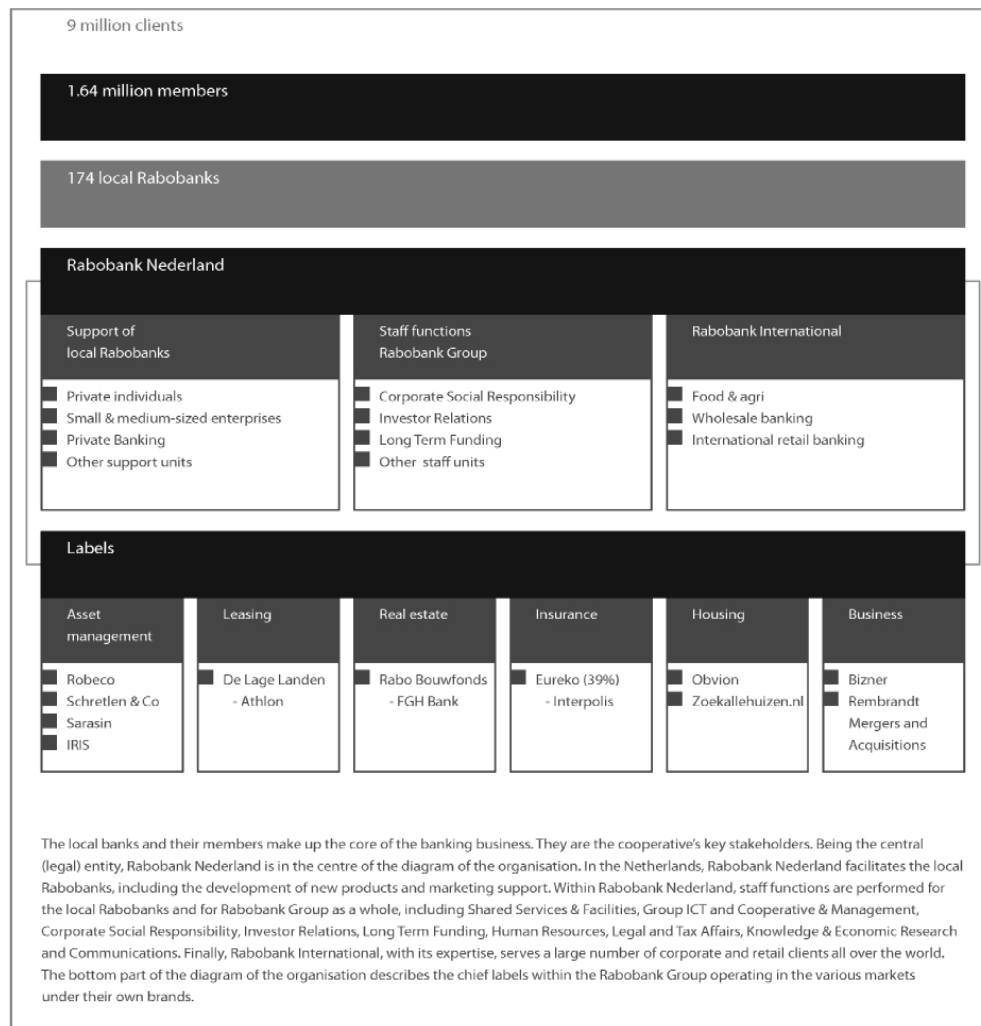
The Rabobank Group is comprised of the cooperative Rabobank Nederland, the cooperative local Rabobanks, which are members of Rabobank Nederland and are also licensed banks, and Rabobank Nederland's subsidiaries. We had 174 local Rabobanks, 1,159 branches and 3,102 points of contact located throughout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

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

Historically, we have engaged primarily in lending to the agricultural and horticultural sectors in the Dutch market. Since the 1990s, we have also offered a wide variety of commercial banking and other financial services not only in the Netherlands but also internationally. As part of an ongoing programme, we have increased both the number and type of products and services available to our customers in order to diversify from a traditional savings and mortgage-based business to be a provider of a full range of financial products and services, both in the Netherlands and internationally. To this end, we pursue an "all-finance" concept, meaning that we provide an integrated range of financial services comprised primarily of domestic retail banking, wholesale and international retail banking, asset management and investment, leasing, real estate and distribution of insurance products to a wide range of both individual and corporate customers. As part of this all-finance strategy, we focus on operations that produce fee-based income in addition to our traditional interest-based income sources.

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

Rabobank Group



Domestic Retail Banking

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

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

Wholesale and International Retail Banking

Through Rabobank International, we provide a variety of wholesale banking services, including advising on mergers and acquisitions and stock transactions, lending and providing special financing arrangements to both domestic and international corporate clients. Rabobank International is also responsible for the international retail operations. For the year ended 31 December 2007, our Wholesale and International Retail Banking operations accounted for 11 per cent., or €338 million, of our operating profit before taxation.

Asset Management and Investment

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

Leasing

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

Real Estate

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

Recent Developments

Rabobank Nederland acquires 35 percent. in Banque Populaire du Rwanda

On 12 June 2008, Banque Populaire du Rwanda S.A. ("BPR") and Rabo Financial Institutions Development B.V., a 100% subsidiary of Rabobank Nederland, signed a number of agreements that will give Rabobank Nederland a 35% interest in BPR, as part of the Rabobank Development Programme. BPR, established in

1975, is Rwanda's leading retail bank with a nationwide network of approximately 130 branches and outlets throughout the country.

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

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

Rabobank Nederland sells Alex Beleggersbank

On 31 October 2007 Rabobank Nederland announced the sale of Alex Beleggersbank for €390 million to the listed internet broker BinckBank. The sale of Alex Beleggersbank was the outcome of an exploratory process following Rabobank Nederland's announcement in March 2007 regarding the review of Alex's strategic positioning in the Rabobank Group. The sale of Alex Beleggersbank to listed internet broker BinckBank was completed early in 2008. The net gain recognised on this transaction was EUR 276 million.

Issue of Capital Securities

On 8 October 2007, Rabobank Nederland issued NZ\$900 million Perpetual Non-Cumulative Capital Securities. On 22 October 2007, Rabobank Nederland issued USD 750 million Perpetual Non-Cumulative Capital Securities. On 6 June 2008, Rabobank Nederland issued USD 130 million Perpetual Non-Cumulative Capital Securities. On 10 June 2008, Rabobank Nederland issued GBP 250 million Perpetual Non-Cumulative Capital Securities. On 27 June 2008, Rabobank Nederland issued CHF 350 million Perpetual Non-Cumulative Capital Securities. On 14 July 2008, Rabobank Nederland issued ILS 323 million Perpetual Non-Cumulative Capital Securities.

Status of financial markets

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

Tango Finance Limited

On 6 December 2007, Rabobank Group announced that it had agreed a plan to take the assets of Tango Finance Limited ("Tango"), a structured investment vehicle ("SIV"), which Rabobank Group sponsors, onto its balance sheet. Tango, as other SIVs, has experienced funding challenges in recent months. Since Rabobank Group believes there is no immediate prospect of the funding situation for SIVs improving in 2008 and to prevent a potential sale of high quality assets, Rabobank Group was prepared to take the remaining assets of Tango onto its balance sheet early 2008. Despite market conditions, Tango has funded itself successfully through a combination of asset sales, repo transactions and allowing income note investors to redeem income notes in exchange for buying portfolios of assets. Such investors purchased more than €5 billion in assets, and Rabobank Group took the remaining assets (€4.8 billion) on its balance sheet in 2008. As per 30 June 2008, these assets amount to €4.1 billion. The impact of purchasing those assets on the balance sheet of Rabobank Group and its solvency is not material.

Banco Regional in Paraguay

Rabobank has acquired a 40% participating interest in Banco Regional through its subsidiary Rabo Development. Banco Regional specialises in serving the agricultural sector and rural regions of Paraguay.

Certain information on important Rabobank Group companies Robeco Groep N.V.

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

De Lage Landen International B.V.

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

Rabobank Group strategy

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

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

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

Domestic strategy: leader in the all-finance market

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

Domestic retail banking: responding to a changing environment

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

Strategy abroad: global food & agri bank

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

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

Wholesale banking

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

International retail banking

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

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

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

Strategy for subsidiaries and equity investments

Rabobank Group’s subsidiaries and equity investments play an important role in the realisation of its market leadership ambitions. The target for the subsidiaries is to obtain leading market positions within the timeline set out in the Strategic Framework. Rabobank Group has a 39 per cent. interest in Eureka. Rabobank Group is

the largest distributor of insurance products in the Netherlands, Eureko being the largest insurer in the Netherlands. Rabobank Group aims to intensify its collaboration with Eureko.

Synergy between Rabobank Group entities

The local Rabobanks offer a broad range of Robeco's investment products to their clients and they work closely with Schretlen & Co. to provide services to high net-worth clients. In the Netherlands, many of De Lage Landen's products are sold via the local Rabobanks and Rabobank International. Rabo Bouwfonds works closely with the local Rabobanks. Because the local Rabobanks are firmly rooted in the local communities, they have detailed knowledge of the market and clients' main housing requirements, which enables Rabo Bouwfonds to respond to these wishes. In addition, Rabo Bouwfonds finances commercial real estate and sells real estate funds to clients of the local Rabobanks. The ambition is to strengthen the cooperation between the Rabobank Group entities further.

Organisational implications

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

Cooperative roots

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

Leading in human resources management (HRM) policy

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

Sustainability

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

Rabo Development

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

Business Activities of the Rabobank Group

Domestic Retail Banking

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

business area. Obvion provides mortgage finance and operates through independent agents. Obvion is a joint venture between Rabobank Group and Algemeen Burgerlijk Pensioenfonds.

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

The Dutch mortgage loan market is highly competitive. Driven by the tax deductibility of mortgage loan interest payments, Dutch homeowners usually take out relatively high mortgage loans. This does not necessarily indicate a high risk for banks with mortgage-lending operations. We have a balanced mortgage loan portfolio with a weighted loan-to-value of approximately 60 per cent. Historically, mortgage lending has been relatively low risk and all mortgage loans are collateralised. Mortgage loan defaults do not occur frequently, either in our mortgage lending operations or in the Netherlands generally. Almost all mortgages in the Netherlands have a maturity of 30 years. Generally, mortgages have a long-term (greater than five years) fixed interest rate, after which period the rate is reset at the current market rate. Customers generally do not have the option to prepay on their mortgage loan without incurring a penalty fee, thus reducing the interest rate risks related to mortgage loan refinancing for the Rabobank Group.

Local Rabobanks

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

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

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

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

Obvion N.V.

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

Rabohypotheekbank N.V.

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

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

Wholesale and International Retail Banking

Through Rabobank International we provide a variety of Wholesale and International Retail Banking services, including lending and special financing arrangements to both domestic and international corporate clients and advising on mergers and acquisitions and capital markets transactions. For the year ended 31 December 2007, our Wholesale and International Retail Banking operations accounted for 22 per cent., or €2,546 million, of

our total income and 11 per cent., or €338 million, of our operating profit before taxation. At 31 December 2007, our Wholesale and International Retail Banking operations employed 9,957 FTEs.

Rabobank International

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

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

Asset Management and Investment

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

Robeco Group N.V.

Robeco is headquartered in Rotterdam, the Netherlands, and has offices in Belgium, France, Germany, Switzerland, Italy and the United States. Robeco is engaged in asset management for private, institutional and corporate investors. Robeco also acts as the competence centre for asset management services within the Rabobank Group, offering financial products and services to our other Asset Management and Investment operations. Robeco is the Dutch market leader in investment funds, with €145.8 billion in assets under

management at 31 December 2007. At December 2007 institutional clients accounted for approximately 54 per cent. of the assets managed by Robeco. Approximately 35 per cent. of the assets managed comes from the United States where Robeco has its subsidiaries Robeco USA and Harbor Capital Advisors. Rabobank Nederland owns a 100 per cent. equity interest in Robeco.

Schretlen & Co. N.V.

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

Bank Sarasin & Cie AG

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

Leasing

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

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

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

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

million accounted for 10 per cent. of our operating profit before taxation for the year ended 31 December 2007.

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

Real Estate

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

The Finance division, mainly consisting of FGH Bank, is specialised in commercial real estate financing. FGH Bank conducts its activities under its own trademark within the Rabobank Group. The majority of the portfolio relates to investment financing. In addition, FGH Bank is active in project and land financing, trade financing, “sell off” financing (i.e. selling rented houses to sitting tenants), operating leases, mortgage financing and interest rate derivatives. At 31 December 2007, the Finance division had a financing portfolio of approximately €13.5 billion in the Netherlands.

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

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

Competition

We compete in the Netherlands with several other large commercial banks and financial institutions, such as ABN Amro, ING and Fortis (which, in October 2007, acquired a partial share in ABN Amro), and also with smaller financial institutions in specific markets. Over the last few years, banks have increased their emphasis on the credit quality of borrowers. This emphasis, combined with the deregulation of capital markets increased competition among banks in the Netherlands significantly. In addition, life insurance companies and pension funds in the Netherlands have become major competitors in the markets for residential mortgage loans and private savings.

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

Employees

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

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

Properties

Rabobank Nederland and the local Rabobanks typically own the land and buildings used in the normal course of their business activities in the Netherlands. Outside the Netherlands, some of the Rabobank Group entities also own the land and buildings used in the normal course of their business activities. At 31 December 2007, the local Rabobanks owned 1,159 branch offices within the Netherlands. In addition, our investment portfolio includes investments in land and buildings. Management believes that the Rabobank Group's facilities are adequate for its present needs in all material respects.

Corporate Social Responsibility

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

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

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

Legal Proceedings

We are involved in governmental, litigation and arbitration proceedings in the Netherlands and in foreign jurisdictions, including the United States, involving claims by and against us which arise in the ordinary course of our businesses, including in connection with our activities as an insurer, lender, employer, investor and taxpayer during a period covering at least the previous 12 months. While it is not feasible to predict or determine the ultimate outcome of all pending or threatened proceedings and litigation, management believe that the ultimate outcome of the various proceedings and litigation already commenced, and/or any future proceedings and litigation, will not have a material adverse or significant effect on our financial condition or profitability, given our size, robust balance sheet, stable income stream and prudent provisioning policy.

Insurance

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

THE RABOBANK GROUP STRUCTURE

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), having its statutory seat in Amsterdam, is a cooperative entity formed primarily as a result of the merger of the two largest banking cooperative entities in the Netherlands and was incorporated with unlimited duration on 22 December 1970. A cooperative under Dutch law has members and has the statutory objective to provide for certain material needs of its members. Rabobank Nederland was registered with the Trade Register of the Chamber of Commerce in Utrecht, the Netherlands in December 1970 under number 30046259. The executive offices are located at Croeselaan 18, 3521 CB Utrecht, the Netherlands. The telephone number is +31 (0)30 2160000.

Membership in Rabobank Nederland is open only to cooperative banks whose articles of association have been approved by Rabobank Nederland. In addition to being a member of Rabobank Nederland, each local Rabobank has shares in Rabobank Nederland in accordance with Article 15 of Rabobank Nederland's articles of association. The shares are fully paid up on issuance and are not permitted to be pledged, given in usufruct, or otherwise encumbered, alienated or transferred. The articles of association provide that shares may be issued only pursuant to a resolution of the General Meeting proposed by Rabobank Nederland's Executive Board and approved by its Supervisory Board. Pursuant to the articles of association, each local Rabobank is obliged, by virtue of its membership, to participate in any future issue of shares in the same proportion as the proportion which existed in the year preceding the year of issue between its balance sheet total and the sum of the balance sheet totals of all local Rabobanks unless the General Meeting decides otherwise. Since 1995, no new shares have been issued. At 31 December 2007, 1.4 million shares (for an aggregate amount of €638 million) had been issued to the local Rabobanks.

As members of Rabobank Nederland, the local Rabobanks have certain ownership rights with respect to Rabobank Nederland. However, their position with respect to ownership cannot be compared to the position of shareholders in a corporation. Pursuant to Rabobank Nederland's articles of association, if, in the event of Rabobank Nederland's liquidation, whether by court order or otherwise, its assets should prove to be insufficient to meet its liabilities, the local Rabobanks, as members of Rabobank Nederland at the time of the liquidation as well as those who ceased to be members in the year prior to the liquidation, shall be liable for the deficit in proportion to their respective last adopted balance sheet totals. If it should prove impossible to recover the share of one or more liable members or former members in the shortfall, the remaining liable parties shall be liable in the same proportion for the amount not recovered. Under the articles of association of Rabobank Nederland, the total amount for which members or former members are liable shall never exceed 3 per cent. of its last adopted balance sheet total. However, this limitation of liability under the articles of association of Rabobank Nederland does not affect the liability of the local Rabobanks under the Cross-Guarantee System and their liability under the compensation agreements, referenced below.

Rabobank Nederland's functions within the Rabobank Group can be broadly divided into several areas.

Traditionally, an important task of Rabobank Nederland has always been its function as bankers' bank. Another major task is the service task. As far as service is concerned, the first priority is to provide service to the local banks in the form of support, advice and guidance. Rabobank Nederland negotiates rights in the name of the local Rabobanks and enters into commitments on their behalf, provided that such commitments have the same implications for all local Rabobanks (for instance, the entering into collective labour agreements on behalf of the local Rabobanks). Furthermore, Rabobank Nederland is entrusted with the supervision of the local Rabobanks pursuant to the provisions of the Financial Supervision Act (*Wet op het financieel toezicht*). Finally, Rabobank Nederland operates its own banking business, both complementary to and independent of the business of the local Rabobanks and is the holding company of various subsidiaries.

The local Rabobanks are organised as cooperative entities under Dutch law and draw all of their members from their customers. Through mergers, the number of local Rabobanks has decreased from 188 at 31 December 2006 to 174 at 31 December 2007. At 31 December 2007, the local Rabobanks had approximately 1.64 million members, which was similar to the previous year. Members of the local Rabobanks do not make capital contributions to the local Rabobanks and are not entitled to the equity of the local Rabobanks. Members are not liable for any obligations of the local Rabobanks.

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

Internal Liability (Cross-Guarantee System)

Through their mutual financial association, various legal entities within the Rabobank Group together make up a single organisation. An internal liability relationship exists between these legal entities, as referred to in Article 3:111 of the Financial Supervision Act. This relationship is formalised in an internal “crossguarantee” system, which stipulates that if a participating institution has insufficient funds to meet its obligations towards its creditors, the other participants must supplement that institution’s funds in order to enable it to fulfil those obligations. Participating entities within the Rabobank Group are:

- Rabobank Nederland
- The local Rabobanks
- De Lage Landen International B.V.
- De Lage Landen Financiering B.V.
- De Lage Landen Trade Finance B.V.
- De Lage Landen Financial Services B.V.
- Schretlen & Co. N.V.
- Rabohypotheekbank N.V.
- Raiffeisenhypotheekbank N.V.

The local Rabobanks are also parties to several compensation agreements whereby shortfalls of local Rabobanks with respect to equity, profitability, loan loss reserves and financing losses are financed by charging all other local Rabobanks.

403 Declaration

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

In addition, Rabobank Nederland provides (bank) guarantees in its ordinary course of business.

Rabobank Nederland’s “Central Bank” Activities

Capital Adequacy and Liquidity

The cross-guarantee system operates in concert with the regulatory and administrative oversight of the local Rabobanks by Rabobank Nederland. Notwithstanding the fact that Rabobank Nederland and the local Rabobanks are supervised by the Dutch Central Bank on a consolidated basis, based on article 3:111 of the Financial Supervision Act, Rabobank Nederland has the responsibility for ensuring compliance by the local Rabobanks with the applicable capital adequacy and liquidity regulations. The capital adequacy regulations are intended to preserve a bank’s ability to withstand loan losses and other business risks through reserves and

retained earnings. The internal standards actually applied by Rabobank Nederland, however, are more conservative than the regulations promulgated by the law. This policy partly reflects the fact that local Rabobanks, which cannot raise new capital by the issue of shares, can only grow and maintain an appropriate ratio of reserves to total liabilities by making profits. Any local Rabobank whose ratio of reserves to total liabilities fails to meet internal solvency standards is subject to stricter supervision by Rabobank Nederland. In particular, Rabobank Nederland may restrict such local Rabobank's authority to make lending decisions within the Rabobank Group's lending limits.

The local Rabobanks are permitted to have accounts only with Rabobank Nederland, which is the sole outlet for each local Rabobank's excess liquidity and acts as treasurer to the local Rabobanks. Each local Rabobank is also required by Rabobank Nederland to keep a certain portion of its own deposits on current account with Rabobank Nederland.

Supervision on market conduct

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

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

The following discussion should be read in conjunction with the financial statements and the notes thereto of the Rabobank Group included in this Prospectus. The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union. No reconciliation of the financial statements of the Rabobank Group included in this Prospectus to U.S. GAAP has been prepared. The financial data in this chapter marked with an asterix (*) has not been directly extracted from the audited financial statements but instead is unaudited and derived from the accounting records of Rabobank Nederland, unless otherwise stated.

Business Overview

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

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

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

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

Historically, we have engaged primarily in lending to the agricultural and horticultural sectors in the Dutch market. Since the 1990s, we have also offered a wide variety of commercial banking and other financial services not only in the Netherlands but also internationally. As part of an ongoing programme, we have increased both the number and type of products and services available to our customers in order to diversify from a traditional savings and mortgage-based business to be a provider of a full range of financial products and services, both in the Netherlands and internationally. To this end we pursue an “all-finance” concept, meaning that we provide an integrated range of financial services comprised primarily of domestic retail

banking, wholesale and international retail banking, asset management and investment, leasing, real estate and distribution of insurance products to a wide range of both individual and corporate customers. As part of this all-finance strategy, we focus on operations that produce fee-based income in addition to our traditional interest-based income sources.

Through Rabobank Nederland, the local Rabobanks and our specialised subsidiaries, the Rabobank Group provides services in the following five core business areas: Domestic Retail Banking, Wholesale and International Retail Banking, Asset Management and Investment, Leasing and Real Estate.

Factors Affecting Results of Operations

General Market Conditions

Our results of operations are affected by a variety of market conditions, including economic cycles, fluctuations in stock markets, interest rates and increased competition. The credit turmoil, which started in August 2007, affects all banks particularly on the funding side due to the liquidity shortage. Due to this turmoil, credit spreads on the asset side of the Rabobank Group balance sheet (loans) and interest margin (interest/average assets) increased in the second half of 2007 and first half of 2008. So far, the more difficult economic environment has not led to materially higher corporate or retail loan provisioning by the Rabobank Group.

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

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

Interest Rates

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

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

Stock Market Fluctuations

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

Critical Accounting Policies

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

Value adjustments

Management regularly assesses the adequacy of the provision for loan losses, by performing ongoing evaluations of the loan portfolio. Rabobank Group's policies and procedures to measure impairment are IFRS compliant. Rabobank considers a loan to be impaired when based on current information and events. It is probable that Rabobank will not be able to collect all amounts due (principal and interest) according to the original contractual terms of the loan.

Rabobank distinguishes:

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

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

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

Trading activities

Our trading portfolio is carried at fair value based on market prices or model prices if the market prices are not available. The market value of financial instruments in our trading portfolio is generally based on listed market prices or broker dealer price quotations. If prices are not readily determinable, fair value is based on valuation models. The fair value of certain financial instruments, including OTC derivative instruments, are

valued using valuations models that consider, among other factors, contractual and market prices, correlations, time value, credit, yield curve volatility factors and/or prepayment rates of the underlying positions.

International Financial Reporting Standards

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

Results of operations

	Year ended 31 December		
	2007	2006	2005
	<i>(in millions of euro)</i>		
Interest.....	6,771	6,472	6,261
Fees and commission	2,857	2,296	2,060
Other income.....	1,871	1,281	1,042
Total income	11,499	10,049	9,363
Staff costs	4,445	4,117	3,880
Other administrative expenses	2,846	2,429	2,031
Depreciation	418	341	331
Operating expenses	7,709	6,887	6,242
Gross profit	3,790	3,162	3,121
Value adjustments	742	450	517
Operating profit before taxation	3,048	2,712	2,604
Taxation.....	386	367	521
Net Profit	2,662	2,345	2,083

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

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

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

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

Other income. Other income was 46 per cent. higher, at €1,871 million compared to €1,281 million in 2006, with a strong contribution from the parts of Bouwfonds which had been acquired in December 2006. The

acquisition of Athlon in the second half of 2006 and the sale of activities at Sarasin contributed to the increase in other income. Income from the Eureko participation, which is included in other income, was lower.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Taxation. Taxation amounted to €367 million compared to €521 million in 2005, which is equivalent to an effective tax rate of 13.5 per cent., compared to 20 per cent. in 2005. The reduction in the Dutch corporate tax rate from 31.5 per cent. to 29.6 per cent. contributed to the decrease in the effective tax rate. Higher results from the participations in the Gilde funds, which are exempt from taxation, likewise contributed to a lower tax burden. The decrease in the effective tax rate was also partly due to non-recurring tax income.

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

Segment Discussion*

Domestic Retail Banking

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

	Year ended 31 December		
	2007	2006	2005
	(in millions of euro)		
Interest.....	4,391	4,226	4,202
Fees and commission	1,379	1,259	1,205
Other income.....	25	66	24
Total income.....	5,795	5,551	5,431
Staff costs	2,072	2,118	1,990
Other administrative expenses	1,618	1,607	1,581
Depreciation	145	152	164

	Year ended 31 December		
	2007	2006	2005
	(in millions of euro)		
Operating expenses	3,835	3,877	3,735
Gross profit	1,960	1,674	1,696
Value adjustments	145	139	175
Operating profit before taxation	1,815	1,535	1,521
Taxation	466	444	497
Net Profit	1,349	1,091	1,024

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Wholesale and International Retail Banking

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

	Year ended 31 December		
	2007	2006	2005
	<i>(in millions of euro)</i>		
Interest.....	1,832	1,649	1,477

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Asset Management and Investment

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

	Year ended 31 December		
	2007	2006	2005
	<i>(in millions of euros)</i>		
Interest.....	82	86	61
Fees and commission	1,089	648	600
Other income.....	308	102	57
Total income.....	1,479	836	718
Staff costs	581	330	278
Other administrative expenses	386	210	177
Depreciation	24	11	13
Operating expenses	991	551	468
Gross profit	488	285	250
Value adjustments	1	0	0
Operating profit before taxation.....	487	285	250
Taxation.....	125	62	76
Net Profit.....	362	223	174

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

Total income. Total income increased by 77 per cent. to €1,479 million compared to €836 million in 2006. Increases in both commission and other income were important drivers for the growth.

Interest. Interest decreased by €4 million to €82 million compared to €86 million in 2006.

Fees and commission. Fees and commission income increased by €441 million to €1,089 million compared to €648 million in 2006. The increase in commission income was largely due to Sarasin's full consolidation as from year-end 2006. The strong investment performance of the Transtrend Diversified Trend Program and the expansion of the Group's interest in Transtrend also contributed to the increase in commission income.

Other income. Other income increased by €206 million to €308 million compared to €102 million in 2006. The gains from the sale at Sarasin of both its Luxembourg and its brokerage activities were important drivers for this increase.

Operating expenses. Total operating expenses were 80 per cent. higher in 2007, at €991 million compared to €551 million in the previous year. The increase was largely the result of the consolidation of Sarasin.

Staff costs. Staff costs increased by €251 million to €581 million compared to €330 million in 2006, mainly due to the consolidation of Sarasin at the end of 2006.

Other administrative expenses. Other administrative expense were €176 million higher at €386 million compared to €210 million in 2006. The increase was also mainly due to the consolidation of Sarasin.

Depreciation. Depreciation increased by €13 million to €24 million compared to €11 million in 2006. Besides the consolidation of Sarasin, the increase was also the result of higher depreciation on software.

Value adjustments. Value adjustments increased from zero in 2006 to €1 million in 2007.

Taxation. Taxation increased by €63 million to €125 million compared to €62 million to 2006.

Net profit. Net profit increased by 62 per cent. to €362 million compared to €223 million in 2006.

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

Total income. Total income increased by 16 per cent. to €836 million compared to €718 million in 2005 due to the growth in assets managed and held in custody.

Interest. Interest income increased by €25 million to €86 million compared to €61 million in 2005 mainly due to lower interest expenses on derivatives.

Fees and commission. Fees and commission income increased by 8 per cent. to €648 million compared to €600 million in 2005. The increase was mainly attributable to the growth of assets managed and the shift towards equity funds. There were also more commission orders. The increase in the assets managed and commission orders more than offset the pressure on commission income due to a price reduction in fees.

Other income. Other income increased by €45 million to €102 million in 2006 compared to €57 million in 2005. This was mainly the result of an internal transfer of activities to the assets management and investment business. On a group level this had no effect on the results.

Operating expenses. Total operating expenses were 18 per cent. higher, at €551 million compared to €468 million in 2005 mainly due to the increase in staff costs.

Staff costs. Staff costs increased by 19 per cent. to €330 million compared to €278 million in 2005 as a result of the growth in staff numbers, higher costs of external hires and standard salary increases. At 31 December 2006, Sarasin employed approximately 1,120 FTEs. The additional staff, the expansion of activities and the increased deployment of staff in “compliance projects” caused the staffing level to increase by 1,328 FTEs to 3,126 FTEs compared to 1,798 FTEs in 2005.

Other administrative expenses. Higher marketing costs contributed to the 19 per cent. increase in other administrative expenses to €210 million compared to €177 million in 2005.

Depreciation. Depreciation charges decreased by €2 million to €11 million compared to €13 million in 2005 due to lower depreciation of buildings.

Taxation. Taxation amounted to €62 million compared to €76 million to 2005. This decrease was due to the reduction in the Dutch corporate tax rate from 31.5 per cent. to 29.6 per cent. and due to incidental tax income in 2006.

Net profit. The asset management activities achieved an increase in net profit of 28 per cent. to €223 million compared to €174 million in 2005.

Leasing

The following table sets forth certain summarised financial information for the Rabobank Group's Leasing business for the years indicated.

	Year ended 31 December		
	2007	2006	2005
	(in millions of euro)		
Interest.....	518	507	514
Fees and commission	52	49	47
Other income.....	425	286	158
Total income	995	842	719
Staff costs	369	305	244
Other administrative expenses	193	168	133
Depreciation	32	21	15
Operating expenses	594	494	392
Gross profit	401	348	327
Value adjustments	100	77	92
Operating profit before taxation.....	301	271	235
Taxation.....	67	65	57
Net Profit	234	206	178

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

Total income. Total income increased by 18 per cent. to €995 million compared to €842 million in 2006. The increase was mainly due to the growth of the item other income, which includes the car leasing activities of the acquisition of Athlon.

Interest. Interest increased by 2 per cent. to €518 million compared to €507 million in 2006, mainly due to the increase of the lending portfolio despite downward pressures on margins.

Fees and commission. Fees and commission income increased in 2007 by €3 million to €52 million compared to €49 million in the previous year.

Other income. The continued growth of the car lease activities was an important driver for the 49 per cent. growth in other income to €425 million compared to €286 million in 2006.

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

Staff costs. The greater part of the 21 per cent. increase in staff costs to €369 million compared to €305 million in 2006 was the result of the acquisition of Athlon. Staff levels grew by 7 per cent. in 2007 to 4,411 (4,128) FTEs as a result of organic growth of the activities.

Other administrative expenses. Other administrative expenses were 15 per cent. higher, at €193 million compared to €168 million in 2006. The rise is due to the acquisition of Athlon and autonomous growth.

Depreciation. Depreciation was €11 million higher at €32 million compared with €21 million in the previous year.

Value adjustments. The item value adjustments increased to €100 million in 2007 compared to €77 million in 2006. This was associated with the growth of the lease portfolio and the greater portfolio share of consumer credits. This corresponds to 61 (2006: 53) basis points and is below the five-year average of 69 basis points.

Taxation. Taxation in 2007 increased by €2 million to €67 million compared to €65 million to 2006. The increase was due to a higher operating profit before taxation and was partly offset by a lower taxation rate in the Netherlands.

Net profit. Net profit was 14 per cent. higher at €234 million compared to €206 million in 2006.

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

Total income. The 17 per cent. increase in total income to €842 million compared to €719 million in 2005 was mainly attributable to the growth in other income.

Interest. Interest margins were depressed by higher short-term interest rates, causing interest income to decline by 1 per cent. to €507 million compared to €514 million in 2005.

Fees and commission. Fees and commission income was virtually unchanged at €49 million compared to €47 million in 2005.

Other income. The acquisition of Athlon in particular contributed to the 81 per cent. increase in other income to €286 million compared to €158 million in 2005.

Operating expenses. Total operating expenses increased by 26 per cent. to €494 million compared to €392 million in 2005, largely due to higher staff costs. Compliance with regulations required significant effort and involved high expenses in 2006.

Staff costs. The staff level grew by 36 per cent. to 4,128 FTEs compared to 3,045 FTEs in 2005, with staff costs rising by 25 per cent. to €305 million compared to €244 million in 2005. The staffing level rose, particularly as a result of the acquisition of Athlon - approximately 790 FTEs, excluding CARE (the car repair services which have been sold after the acquisition), as well as organic growth of the activities and the effect of new regulation.

Other administrative expenses. In 2006, additional marketing expenses related to the start-up of the Consumer Finance activities contributed to the 26 per cent. increase in other administrative expenses to €168 million compared to €133 million in 2005.

Depreciation. Depreciation charges were €6 million higher at €21 million compared to €15 million in 2005, mainly due to higher software depreciation.

Value adjustments. The improved economic conditions and the ongoing improvement in risk control resulted in lower value adjustments, which decreased by 16 per cent. to €77 million compared to €92 million in 2005. Compared to 2005, risk-related costs declined to 45 basis points of the average lease portfolio compared to 65 in 2005 which is below the five-year average (based on the period 2002-2006).

Taxation. Taxation in 2006 amounted to €65 million compared to €57 million to 2005. This increase was due to a higher operating profit before taxation.

Net profit. The net profit in 2006 increased by 16 per cent. to €206 million compared to €178 million in 2005. The acquisition of Athlon contributed to the existing activities from the second half of 2006.

Real Estate

The following table sets forth certain summarised financial information for the Rabobank Group's Real Estate business for the years indicated:

	Year ended 31 December		
	2007	2006	2005
	<i>(in millions of euros)</i>		
Interest.....	72	98	96
Fees and commission	1	1	1
Other income.....	573	145	53
Total income	646	244	150
Staff costs	217	55	25
Other administrative expenses	168	43	15
Depreciation	51	3	1
Operating expenses	435	101	41
Gross profit	211	143	109
Value adjustments	2	(1)	1
Operating profit before taxation	209	144	108
Taxation.....	55	40	30
Net Profit	154	104	78

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

Total income. Total income increased by €402 million in 2007 to €646 million compared to €244 million in 2006. The increase is mainly due to the acquisition of parts of Bouwfonds in 2006.

Interest. The decline in interest income by €26 million to €72 million compared to €98 million in 2006 was due to the expansion of the development activities since late 2006, which caused interest expense to increase.

Fees and commission. Fees and commission income was unchanged at €1 million compared to 2006.

Other income. The former parts of Bouwfonds were the main contributor to the increase over 2007 by €428 million to €573 million compared to €145 million in the previous year.

Operating expenses. Total operating expenses were €334 million higher in 2007, at €435 million compared to €101 million in 2006.

Staff costs. Mainly as a result of the acquisition of parts of Bouwfonds, staff costs rose in 2007 by €162 million to €217 million compared to €55 million in the previous year.

Other administrative expenses. The other administrative expenses amounted to €168 million compared to €43 million in 2006. The increase is mainly due to the acquisition of Bouwfonds and the amortisation of intangible assets.

Depreciation. The item depreciation increased by €48 million to €51 million compared to €3 million in 2006 due to the acquisition of parts of Bouwfonds.

Value adjustments. The value adjustments amounted to €2 million compared to €(1) million in 2006.

Taxation. Taxation increased in the year under review by €15 million to €55 million compared to €40 million in 2006.

Net profit. Net profit increased by 48 per cent. to €154 million compared to €104 million in the previous year.

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

Total income. Total income increased by €94 million to €244 million compared to €150 million in 2005.

Interest. The growth of the loans portfolio caused interest income to rise by 2 per cent. to €98 million compared to €96 million in 2005, despite pressure on margins.

Fees and commission. Fees and commission income was unchanged at €1 million compared to 2005.

Other income. In December 2006, the parts acquired from Bouwfonds contributed to the €92 million increase in other income to €145 million compared to €53 million in 2005.

Operating expenses. Total operating expenses increased by €60 million to €101 million compared to €41 million in 2005, due to organic growth and the acquisition of parts of Bouwfonds.

Staff costs. Employee numbers increased by 1,323 FTEs to 1,654, causing staff costs to increase by €30 million to €55 million compared to €25 million in 2005. In 2006, the staffing level increased by approximately 1,250 FTEs as a result of the acquisition of parts of Bouwfonds. Organic growth of activities required additional staff.

Other administrative expenses. Due to growth and the acquisition of parts of Bouwfonds, other administrative expenses were €28 million higher, at €43 million compared to €15 million in 2005.

Taxation. Taxation in 2006 amounted to €40 million compared to €30 million to 2005.

Net profit. Net profit for 2006 increased by 33 per cent. to €104 million compared to €78 million in 2005.

Liquidity and Capital Resources

The Rabobank Group's total assets were €571 billion at 31 December 2007, a 3 per cent. increase from €556 billion at 31 December 2006. The largest proportion of the Rabobank Group's existing lending (not including investments in Dutch treasury securities, other Dutch public sector bonds and securities and interbank deposit placements) consists of residential mortgage loans, which in the Netherlands are primarily fixed rate.

Loans to customers

Loans to customers increased by 5 per cent. or €18.1 billion to €373.0 billion at 31 December 2007 from €354.9 billion at 31 December 2006. Private sector lending increased by €31.9 billion to €356.0 billion at 31 December 2007, an increase of 10 per cent. from €324.1 billion at 31 December 2006. The increase in private sector lending for private individuals, primarily for mortgage finance, was €14.0 billion to €180.1 billion at 31 December 2007 from €166.1 billion at 31 December 2006. The demand for mortgage finance was slightly lower than the previous year. Residential mortgage loans are made by local Rabobanks and by the Rabobank Group's mortgage banking subsidiary, Rabohypotheekbank N.V. and by Obvion. These loans are secured by mortgages on underlying properties and have maturities up to 30 years. Lending to companies in the trade, industry and services sector increased by €10.9 billion to €116.4 billion at 31 December 2007, a 10 per cent.

increase compared to 31 December 2006. Lending to the food and agri sector increased by €6.9 billion to €59.4 billion at 31 December 2007, a 13 per cent. increase.

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

At 31 December				
	2007		2006	
(in millions of euros and as % of total private sector lending)				
Private individuals	180,146	50%	166,114	51%
Trade and industry and the services sector	116,423	33%	105,499	33%
Food & agri sector	59,404	17%	52,497	16%
Total	355.973	100%	324.110	100%

The maturities of loans granted by the Rabobank Group vary from overdraft facilities to thirty-year term loans.

The following table provides a breakdown at 31 December 2007 and 31 December 2006 of the remaining maturity of the Rabobank Group's total outstanding lending (public and private sector) and professional securities transactions*:

At 31 December				
	2007		2006	
	(in billions of euros and as % of total loans)			
Three months or less.....	38.1	10%	41.3	12%
From three months to one year	23.4	6%	23.0	6%
From one to five years	68.0	18%	62.5	18%
More than five years	202.2	54%	191.7	54%
Undated/withdrawable on demand.....	41.3	11%	36.4	10%
Total	373.0	100%	354.9	100%

Funding

At 31 December 2007, amounts due to customers of the Rabobank Group were €249.5 billion, an increase of 6 per cent. compared to 31 December 2006. The balance held in savings accounts increased by €11.7 billion to €101.2 billion, an increase of 13 per cent., with time deposits accounting for the majority of the increase. Other due to customers (including corporate and retail current account balances, funds outstanding to professional counterparties and other savings funds) increased by €2.9 billion to €148.3 billion at 31 December 2007, largely due to growth in deposits. Repurchase contracts decreased by €4.4 billion from €8.1 billion to €3.7 billion over the same time period. At 31 December 2007, non-subordinated bonds and other debt securities, including certificates of deposit, totalled €141.8 billion compared to €128.1 billion at 31 December. Savings deposits (except those withdrawable upon notice, from one month to 10 years) generally bear interest at rates that Rabobank Nederland can unilaterally change. At 31 December 2007, the Rabobank

Group had a market share of 40.9 per cent.* of all savings deposits maintained by individuals with banks in the Netherlands (source: Statistics Netherlands (Centraal Bureau voor de Statistiek)).

The following table shows the Rabobank Group's sources of funding by source at 31 December 2007, 2006 and 2005:

	Year ended 31 December		
	2007	2006	2005
	<i>(in millions of euro)</i>		
Savings accounts	101,175	89,500	86,181
Debt securities.....	141,812	128,066	115,992
Other due to customers and repurchase contracts	148,340	145,417	100,246
Other financial liabilities at fair value through profit and loss.....	27,303	26,270	23,844
Total	418,630	389,253	326,263

The Rabobank Group also funds itself in the interbank and institutional market. The Rabobank Group's total liabilities to banks (other than debt securities) were €73.4 billion at 31 December 2007, a 22 per cent. decrease from €94.6 billion at 31 December 2006.

Other financial assets

Other financial assets comprise shares, bonds, money market paper, short-term government paper and other forms of securities. Other financial assets are subdivided into the following categories:

- Trading financial assets;
- Other financial assets at fair value through profit or loss;
- Available-for-sale financial assets; and
- Held-to-maturity assets.

Other financial assets at 31 December 2007					
	Trading for-sale	Other financial assets	Available for-sale	Held-to maturity	Total
	<i>(in millions of euro)</i>				
Purchased loans	2,350	-	-	-	2,350
Short term government paper.....	298	61	682	-	1,041
Government bonds.....	2,970	514	25,049	736	29,269
Other bonds	16,187	8,815	22,552	123	47,677
Total bonds	19,157	9,329	47,601	859	76,946
Venture capital.....	-	314	-	-	314
Equity instruments	7,173	6,382	1,279	-	14,834
Total shares	7,173	6,696	1,279	-	15,148

Other financial assets at 31 December 2007

	Trading for-sale	Other financial assets	Available for-sale	Held-to maturity	Total
	<i>(in millions of euro)</i>				
Other financial assets	201	2,047	793	-	3,041
Total	29,179	18,133	50,355	859	98,526
Listed	25,663	17,476	30,978	859	74,976
Unlisted	3,516	657	19,377	-	23,550

Other financial assets at 31 December 2006

	Trading for-sale	Other financial assets	Available for-sale	Held-to maturity	Total
	<i>(in millions of euro)</i>				
Purchased loans	2,059	-	-	-	2,059
Short term government paper	730	42	1,072	-	1,844
Government bonds	5,162	311	25,424	1,187	32,084
Other bonds	19,624	13,442	19,714	302	53,082
Total bonds	24,786	13,753	45,138	1,489	85,166
Venture capital	-	285	-	-	285
Equity instruments	5,742	5,806	1,663	-	13,211
Total shares	5,742	6,091	1,663	-	13,496
Other financial assets	3,472	1,582	1,088	-	6,142
Total	36,789	21,468	48,961	1,489	108,707
Listed	31,915	18,631	26,697	1,489	78,732
Unlisted	4,874	2,837	22,264	-	29,975

Contractual Obligations and Contingent Liabilities

The table below* provides certain information concerning the payments coming due under our existing contractual obligations at 31 December 2007:

Payments Due by Period

	On demand/ undated	<1 year	>1 year <5 years	>5 years	Total
	<i>(in millions of euro)</i>				
Debt securities	3,139	67,258	53,203	29,019	152,619
Subordinated debt	3	67	48	2,549	2,667
Due to customers	157,607	67,883	9,459	18,636	253,585
Other financial liabilities at fair value through profit and loss		3,044	9,438	21,777	34,259

Other long-term obligations consist of due to customers other than debt securities (liabilities for deposits and savings, professional securities transactions and other client accounts). For further information, see note 20 to the consolidated financial statements for the year 2007.

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

	At 31 December	
	2007	2006
	<i>(in millions of euro)</i>	
Contingent liabilities consist of:		
Guarantees, etc.	8,992	7,694
Irrevocable letters of credit	2,402	1,378
Other contingent liabilities	21	7
Total contingent liabilities.....	11,415	9,079

Contingent liabilities secured by assets were €28 million* at 31 December 2007 compared to €31 million* at 31 December 2006.

Guarantees relate both to credit and non-credit substitute guarantees. Credit-substitute guarantees are guarantees given by Rabobank Group entities in respect of credit granted to customers by a third party. Many of them are expected to expire without being drawn on and therefore do not necessarily represent future cash outflows.

Irrevocable letters of credit mainly secure payments to a third party for a customer's foreign and domestic trade transactions in order to finance a shipment of goods. The Rabobank Group's credit risk in these transactions is limited since these transactions are collateralised by the commodity shipped and are of a short duration. Other contingent liabilities mainly relate to acceptances of bills and are of a short-term nature. As described below, facilities mainly constitute unused portions of irrevocable credit facilities granted to corporate clients. Many of these facilities are for a fixed duration and bear interest at a floating rate. Most of the unused portion of irrevocable credit facilities is secured by customers' assets or counter-guarantees by the central government and exempted bodies under the regulatory requirements. Irrevocable facilities also include commitments made to purchase securities to be issued by governments and private issuers.

Irrevocable facilities relate to all irrevocable facilities that could lead to lending.

	At 31 December	
	2007	2006
	<i>(in millions of euro)</i>	
Unused credit facilities*.....	35,553	37,417
Other*	770	873
Total irrevocable facilities.....	36,323	38,290
Revocable facilities*	36,432	30,170

	At 31 December	
	2007	2006
	<i>(in millions of euro)</i>	
Total credit related and contingent liabilities*	72,755	68,460

Capital Adequacy

Capital adequacy and the use of capital are monitored by the Rabobank Group and its subsidiaries, employing techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory Practices (the “Basel Committee”) and implemented by the EU and the Dutch legislator and Central Bank for supervisory purposes.

The Dutch Central Bank, in conjunction with other bank supervisors, regards the risk asset ratio developed by the Basel Committee as a key supervisory tool and sets individual ratio requirements for banks in the Netherlands. This ratio was designed to meet the dual objectives of strengthening the soundness and stability of the international banking system and of creating a fair and consistent supervisory framework for international banks by means of an international convergence of capital measurement and capital standards. The technique involves the application of risk weightings to assets (which for this purpose includes both balance sheet assets and off-balance sheet items) to reflect the credit and other risks associated with broad categories of transactions and counterparties.

The Basel Committee guidelines set a minimum total risk asset ratio for all international banks of 8 per cent. Bank capital adequacy requirements have also been established pursuant to EU directives. These directives, as implemented in the Netherlands, set forth capital standards similar to those of the Basel Committee guidelines.

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

The risk asset approach to capital adequacy emphasises the importance of Tier I (core) capital, comprising primarily Group equity, including the Fund for general banking risks. In determining a bank’s risk asset ratio, the rules limit qualifying Tier II supplementary capital to an amount equal to Tier I capital. Tier II capital includes subordinated debt and fixed asset revaluation reserves.

The concept of risk weighting assumes that banking activities generally involve some risk of loss. For risk weighting purposes, commercial lendings are taken as a bench-mark to which a risk weighting of 100 per cent. is ascribed. Other transactions, which are considered to present lower levels of risk than commercial lending, may qualify for reduced weightings. Off-balance sheet items are generally converted to credit risk equivalents by applying credit conversion factors laid down by the Basel Committee. The resulting amounts are then risk-weighted according to the nature of the counterparty. As a result, credit substitutes, such as standby letters of credit and acceptances, are allocated the same risk weightings as similar on balance sheet lending, while transaction-related off-balance sheet items, such as performance bonds, are allocated a lower weighting in recognition of the smaller likelihood of loss from these instruments.

In the case of interest and exchange rate related contracts, the risks involved relate to the potential loss of cash flows rather than notional principal amounts. These risks are represented by the replacement cost (as defined by the Dutch Central Bank) of the contracts plus an add-on to reflect potential future volatility in replacement cost arising from movements in market rates.

For a discussion of the new Basel II framework, see “Regulation of the Rabobank Group”.

The Tier I ratio and the BIS ratio are the most common ratios used in the financial world to measure solvency. The Tier I ratio expresses the relationship between core capital and total risk-adjusted assets. At 31 December 2007, Rabobank Group’s Tier I ratio stood at 10.7 (10.7 at 31 December 2006). This is higher than the long-term target of 10. The minimum requirement set by the external supervisors is 4. The high solvency ratio is one of the reasons for the Rabobank Group’s long-term corporate triple A rating by both Moody’s and Standard & Poor’s.

Total risk-adjusted items increased by €19.1 billion to €266.6 billion at 31 December 2007. This increase was mainly due to the increase in lending and acquisitions. Tier I capital increased by €2.1 billion to €28.5 billion at 31 December 2007.

The BIS ratio is calculated by dividing the total of Tier I and Tier II capital by the total of risk-adjusted assets times one hundred. At 31 December 2007, the BIS ratio came to 10.9 (11.0 at 31 December 2006). This exceeds the minimum requirement set by the external supervisors of 8.0.

The following table sets forth the risk-weighted capital ratios of the Rabobank Group as of 31 December 2007 and 2006, in each case calculated under the Netherlands’ implementation of the relevant EU directives:

Development in capital and solvency ratios

	At 31 December	
	2007	2006
	<i>(in millions of euro, except ratios)</i>	
Tier I capital	28,484	26,391
Tier I ratio	10.7	10.7
Qualifying capital.....	29,156	27,114
BIS ratio	10.9	11.0

Selected Statistical Information*

The following section discusses selected statistical information regarding the Rabobank Group’s operations. Unless otherwise indicated, average balances are calculated based on monthly balances and geographic data are based on the domicile of the customer. See “-Results of Operations” for an analysis of fluctuations in the Rabobank Group’s results between periods.

Return on Equity and Assets

The following table presents information relating to the Rabobank Group’s return on equity and assets for each of the past three years:

	2007	2006	2005
Return on Assets* ¹	0.45%	0.43%	0.40%
Return on Equity ²	8.81%	8.57%	8.44%
Equity to Assets Ratio ³	5.20	5.09	4.73

Notes:

- (1) Net profit as a percentage of total average assets, based on month-end balances.
- (2) Net profit as a percentage of average equity, based on quarterly-end balances.
- (3) Average equity divided by average total assets, based on quarterly-end balances.

The following table presents information relating to dividends paid on Rabobank Member Certificates for each of the past three years:

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

Note:

- (1) Average Outstanding Member Certificates based on month-end balances.

Loan Portfolio

Our loan portfolio consists of loans, overdrafts, assets subject to operating leases, finance lease receivables to governments, corporations and consumers and reverse repurchase agreements. The following table analyses our loan portfolio by sector at 31 December 2007, 2006 and 2005:

	At 31 December		
	2007	2006	2005
	<i>(in millions of euro)</i>		
Public sector*.....	5,095	3,093	1,053
Private sector (corporate lending).....	177,863	160,019	133,758
Private sector (personal lending).....	180,392	166,340	146,694
Total loans (gross) excluding securities transactions	363,350	329,452	281,505
Securities transactions.....	14,422	28,396	23,484
Hedge accounting.....	(2,522)	(675)	1,819
Total loans (gross) including securities transactions	375,250	357,173	306,808
Total loans (net) ¹	372,968	354,924	304,451

Note:

- (2) The difference between total loans (gross) and total loans (net) represents provisions for loan losses.

The table below sets forth a geographic breakdown of the Rabobank Group's loan portfolio at 31 December 2007, 2006 and 2005:

	At 31 December		
	2007	2006	2005
	<i>(in millions of euro)</i>		
Public Sector			
The Netherlands	493	480	505
Other countries in the Euro zone ¹	296	270	266
North America	163	131	120
Latin America	39	48	43
Asia	4,079	2,134	98
Australia and New Zealand	3	5	0
Other countries	22	25	21
Total Public Sector	5,095	3,093	1,053
Private Sector			
The Netherlands	269,964	243,833	218,363
Other countries in the Euro zone ¹	31,122	31,784	24,681
North America	30,207	28,707	18,391
Latin America	6,604	4,159	3,620
Asia	4,872	3,863	2,764
Australia and New Zealand	12,370	10,938	10,219
Other countries	834	826	57
Total Private Sector ²	355,973	324,110	278,095

Notes:

- (3) Excluding the Netherlands.
(4) After provisions for loan losses.

Maturities and Interest Rate Sensitivity of Loan Portfolio*

Domestic Retail - Interest Rate position, as at 31 December 2007										
	On demand	1-3	4-6	7-9	10-12	2-5	5-10	>10	Non-rate sensitive	Total
			<i>(months)</i>				<i>(years)</i>			
On balance										
Assets	18,416	54,608	7,327	6,398	6,105	81,988	52,814	25,623	3,584	256,863
Liabilities	13,139	127,823	16,542	5,443	5,825	39,248	3,046	4,693	40,866	256,624
Gap	5,276	73,215	9,215	955	281	42,740	49,769	20,930	37,282	239

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

	On demand	1-3	4-6	7-9	10-12	2-5	5-10	>10	Non-rate sensitive	Total
			<i>(months)</i>				<i>(years)</i>			
Off balance										
Assets.....	-	73,164	22,911	380	141	9,134	5,034	3,329	-	114,093
Liabilities	-	21,769	9,153	1,001	1,517	32,189	36,708	11,995	-	114,332
Gap after OBS	5,276	21,820	4,543	334	1,094	19,685	18,094	12,264	37,282	0

The three key indicators used for managing the interest rate risk are the basis point value, the equity at risk and the income at risk.

The basis point value (“BPV”) is the absolute loss of market value of equity after a parallel increase of the yield curve with one basis point. In 2007 the BPV did not exceed €25 million*.

Long-term interest rate risk is measured and managed using the equity at risk concept. Equity at risk is the sensitivity of the Group equity’s market value to interest rate fluctuations. In 2007, the equity at risk never exceeded 8.0 per cent.

Short-term interest rate risk is monitored using the income at risk concept. This is the maximum amount of interest income that is put at risk on an annual basis, based on a confidence level of 99.99 per cent. and 20 years of historical data. In 2007, the maximum income at risk did not exceed €150 million*. All three key indicators are calculated and reported to the BRMC monthly. Limits are set annually. See “Risk Management - Interest Rate Risk”.

Risk Elements

Cross-Border Outstandings

Cross-border outstandings are defined as loans (including accrued interest), acceptances, interest-earning deposits with other banks, other interest-earning investments and any other monetary assets which are denominated in a currency other than the functional currency of the office or subsidiary where the extension of credit is booked. To the extent that the material local currency outstandings are not hedged or are not funded by local currency borrowings, such amounts are included in cross-border outstandings.

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

The following tables* analyse cross-border outstandings as of the end of each of the last three years, stating the name of the country and the aggregate amount of cross-border outstandings in each foreign country where such outstandings exceeded 1 per cent. of total assets, by type of borrower:

	At 31 December 2007			
	Banks	Public Authorities	Private Sector	Total Amount
		<i>(in millions of euros)</i>		
France	2,382	1,402	3,437	7,221
Belgium	2,766	1,005	2,311	6,082

At 31 December 2007

	Banks	Public Authorities	Private Sector	Total Amount
	<i>(in millions of euros)</i>			
Germany	5,640	3,428	6,579	15,647
Ireland.....	1,797	413	10,205	12,415
United Kingdom	18,042	102	13,492	31,636
Switzerland	4,686	220	1,924	6,830
United States.....	6,634	9,787	67,848	84,269
Spain.....	2,610	1,048	3,007	6,665
Japan.....	4,838	8,371	435	13,644
Australia	960	895	10,747	12,602

At 31 December 2006

	Banks	Public Authorities	Private Sector	Total Amount
	<i>(in millions of euros)</i>			
France	3,964	1,208	6,486	11,658
Germany	6,868	4,319	6,271	17,458
Ireland.....	2,410	359	9,965	12,734
United Kingdom	24,617	64	20,365	45,046
United States.....	11,351	9,156	83,538	104,044
Spain.....	3,066	1,474	2,024	6,564
Japan.....	4,708	9,290	830	14,828
Australia	1,306	881	9,014	11,201

At 31 December 2005

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

At 31 December 2005

	Banks	Public Authorities	Private Sector	Total Amount
		<i>(in millions of euros)</i>		
Australia	824	1,076	7,931	9,831

Loan portfolio

One of the principal factors influencing the quality of the earnings and the loan portfolio is diversification of loans, e.g. by industry or by region. In 2005 NAICS (North America Industry Classification System) was introduced as the leading system to classify industries for Rabobank Group. NAICS distinguishes a large number of sectors, subsectors and industries.

The following table* is based on data according to NAICS and represents the loan portfolio of Rabobank Group loans by main sector at 31 December 2007:

At 31 December 2007

	On Balance	Off Balance	Total exposure
	<i>(in millions of euro)</i>		
Food and Agri			
Oilseed & grain	8,300	525	8,824
Fruit & vegetables	7,118	124	7,242
Sugar	1,261	88	1,348
Animal protein	10,617	235	10,852
Dairy	11,090	104	11,194
Farm inputs	3,516	162	3,678
Beverages	1,759	59	1,818
Food retail & food services and drinking places	3,888	215	4,103
Other F&A	11,857	330	12,187
Total Food and Agri	59,404	1,840	61,245
Other trade, Manufacturing and Services			
Utilities	928	463	1,392
Construction	7,798	866	8,664
Manufacturing: textile, apparel and leather	269	62	331
Manufacturing: wood products and furniture	565	10	575
Manufacturing: paper and printing activities	1,080	39	1,119
Manufacturing: chemical products	1,530	62	1,591
Manufacturing: metal & machinery	3,299	185	3,484
Manufacturing: miscellaneous	2,238	500	2,737

At 31 December 2007

	On Balance	Off Balance	Total exposure
	<i>(in millions of euro)</i>		
Wholesale.....	12,084	1,535	13,619
Retail (except food and beverage stores)	4,769	271	5,039
Transportation and warehousing	5,703	788	6,491
Information & Communication.....	6,079	242	6,321
Finance and insurance	17,662	2,543	20,205
Real estate, rental & leasing.....	23,700	345	24,045
Professional, scientific and technical services.....	3,371	120	3,491
Healthcare and social assistance	4,180	46	4,226
Arts, entertainment and recreation	2,413	31	2,444
Other services (except public administration).....	18,757	1,019	19,776
Total Trade, manufacturing & services sector	116,423	9,127	125,550
Private individuals.....	180,146	398	180,544
Total Private Sector Loans	355,973	11,365	367,339

In addition to advances to other banks (€43 billion at 31 December 2007 which is 8 per cent. of total assets) Rabobank Group's portfolio only contains a considerable concentration of loans to private individuals. The total on-balance outstandings to private individuals is 50 per cent. of the total of on-balance private sector loans. Loans of Rabobank Group's portfolio are well diversified across numerous sub-industry sectors. None of these is larger than 10 per cent. of total private sector loans. Furthermore, Rabobank Group's portfolio is well spread across industries in many different countries and is therefore well diversified.

Impaired Loans

A loan is impaired if it is probable that payments of principal and interest will not be made in time and in accordance with the original contractual terms of the loan. There is also a matter of impairment if the obligor is past due more than 90 days or if the obligor has filed for bankruptcy or similar protection from creditors. Once a loan is identified as impaired, the impairment amount is measured as the difference between the carrying amount and the recoverable amount of the loan. The recoverable amount equals the present value of expected future cash flows discounted at the loan's effective rate.

The table below* provides an analysis of the Rabobank Group's impaired loans by business at 31 December 2007, 2006 and 2005:

	At 31 December		
	2007	2006	2005
	<i>(in millions of euro)</i>		
Domestic Retail Banking			
Member banks.....	2,513	2,534	2,595

	At 31 December		
	2007	2006	2005
	<i>(in millions of euro)</i>		
Rabohypotheekbank	36	34	89
Other retail	49	48	22
Total Domestic Retail Banking	2,598	2,617	2,706
Wholesale and International Retail Banking			
The Netherlands	213	394	640
Abroad	1,016	1,061	1,203
Total Wholesale and International Retail Banking ...	1,229	1,455	1,843
Asset Management	4	1	5
Leasing	350	281	242
Other	16	1	18
Total Rabobank Group impaired loans	4,198	4,355	4,814

Summary of Loan Loss Experience

The following table* shows the movements in the allocation of the allowance for loan losses on loans accounted for as loans to banks and customers for the past three years:

	2007	2006	2005
	<i>(in millions of euro)</i>		
Balance at January 1			
Domestic Retail Banking	1,228	1,204	1,122
Wholesale and International Retail Banking	846	978	782
Asset Management and Investment	1	3	3
Leasing	233	193	146
Real Estate	24	30	32
Other	0	30	18
Total Balance at January 1	2,333	2,438	2,103
Addition			
Domestic Retail Banking	160	151	188
Wholesale and International Retail Banking	25	248	284
Asset Management and Investment	1	0	0
Leasing	108	81	103
Real Estate	3	(1)	1
Other	0	2	(13)
Total additions	297	480	563

	2007	2006	2005
	<i>(in millions of euro)</i>		
Amount charged to the provisions			
Domestic Retail Banking	(130)	(157)	(146)
Wholesale and International Retail Banking.....	(109)	(330)	(139)
Asset Management and Investment.....	0	(3)	
Leasing.....	(93)	(76)	(78)
Real Estate.....	0	(3)	(1)
Other	0	0	0
Total amount charged to the provisions	(332)	(568)	(364)
Other			
Domestic Retail Banking	44	31	40
Wholesale and International Retail Banking.....	17	(50)	51
Asset Management and Investment.....	3	0	
Leasing.....	(6)	36	22
Real Estate.....	0	(2)	(2)
Other	0	(32)	25
Total other.....	58	(17)	136
Balance at 31 December			
Domestic Retail Banking	1,303	1,228	1,204
Wholesale and International Retail Banking.....	778	846	978
Asset Management and Investment.....	4	1	3
Leasing.....	242	233	193
Real Estate.....	27	24	30
Other	0	0	30
Total Balance at 31 December	2,356	2,333	2,438
Due from other banks.....	(6)	(23)	1
Loans to customers.....	299	495	575
Receipts less write-offs	(32)	(31)	(41)
Credit related liabilities	1		(11)
Available-for-sale financial assets	477	9	
Other assets	3		(7)
Total value adjustments	742	450	517

Deposits

The following table presents the year-end amounts, of each deposit category at 31 December 2007, 2006 and 2005. Interest rates paid on customer deposits by banks and individuals reflect market conditions. Current accounts do not earn interest.

	At 31 December		
	2007	2006	2005
	(in millions of euro)		
Deposits by businesses			
Time deposits (non-banks)	55,044	46,345	36,162
Current accounts	46,584	51,111	37,343
Professional securities transactions (repo's securities)...	3,694	8,107	5,392
Other	30,713	28,010	9,833
Total deposits by businesses	136,035	133,573	88,730
Deposits by individuals			
Savings accounts	101,175	89,500	86,181
Current accounts*	11,848	11,056	10,897
Other	457	788	651
Total deposits by individuals.....	113,480	101,344	97,729
Total deposits by businesses and individuals	249,515	234,917	186,459

Short-term Borrowings

Short-term borrowings are borrowings with an original maturity of one year or less. These are included in the Rabobank Group's consolidated balance sheet under "Debt securities". An analysis of the balance of short-term borrowings at 31 December 2007, 2006 and 2005 is provided below*.

	At 31 December		
	2007	2006	2005
	<i>(in millions of euro)</i>		
Year-end balance	58,440	58,766	60,073
Average balance	61,277	60,211	61,633
Maximum month-end balance.....	67,358	63,524	68,709

SELECTED FINANCIAL INFORMATION

The following selected financial data are derived from the audited consolidated financial statements of the Rabobank Group, which have been audited by Ernst & Young Accountants LLP, independent auditors. The data should be read in conjunction with the consolidated financial statements, related notes and the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in this Prospectus. The Rabobank Group audited consolidated financial statements for the year ended 31 December 2007 and 2006 have been prepared in accordance with International Financial Reporting Standards (“IFRS”). IFRS differs in certain significant respects from U.S. GAAP.

Rabobank Group Consolidated Balance Sheet

	At 31 December	
	2007	2006
	<i>(in millions of euro)</i>	
Assets		
Cash and cash equivalents.....	2,129	1,630
Due from other banks.....	43,218	49,086
Trading financial assets.....	29,179	36,789
Other financial assets at fair value through profit and loss	18,133	21,468
Derivative financial instruments	26,089	18,992
Loans to customers.....	372,968	354,924
Available-for-sale financial assets.....	50,355	48,961
Held-to-maturity financial assets	859	1,489
Investments in associates	4,558	3,250
Intangible assets	3,183	1,844
Property and equipment	5,572	5,022
Investment properties	1,105	1,338
Current tax credits	419	176
Deferred tax assets	1,577	1,477
Other assets	11,159	10,009
Total assets	570,503	556,455
Liabilities		
Due to other banks	73,428	94,626
Due to customers.....	249,515	234,917
Debt securities in issue.....	141,812	128,066
Derivative financial instruments and other trading liabilities	31,097	26,694
Other debts	10,518	10,649
Other financial liabilities at fair value through profit and loss.....	27,303	26,270
Provisions.....	1,167	1,175

	At 31 December	
	2007	2006
	<i>(in millions of euro)</i>	
Current tax liabilities.....	202	172
Deferred tax liabilities.....	851	836
Employee benefits.....	941	1,223
Subordinated debt	2,294	2,450
Total liabilities.....	539,128	527,078
Equity		
Equity of Rabobank Nederland and local Rabobanks.....	19,650	17,426
Rabobank Membership Certificates issued by group companies	6,233	5,808
	25,883	23,234
Capital Securities and Trust Preferred Securities III-VI.....	2,779	1,959
Minority interests	2,713	4,184
Total equity	31,375	29,377
Total equity and liabilities	570,503	556,455

Rabobank Group Consolidated Profit and Loss Account based on IFRS

	Year ended 31 December	
	2007	2006
	<i>(in millions of euro)</i>	
Interest income.....	29,356	25,059
Interest expense.....	22,585	18,587
Interest	6,771	6,472
Fee and commission income	3,394	2,741
Fee and commission expense	537	445
Fees and commission.....	2,857	2,296
Income from associates.....	753	556
Net income from non-trading financial assets and liabilities at fair value through profit and loss.....	(38)	246
Gains on available-for-sale financial assets	64	7
Other	1,092	472
Income.....	11,499	10,049
Staff costs.....	4,445	4,117
Other administrative expenses	2,846	2,429
Depreciation and amortisation	418	341

	Year ended 31 December	
	2007	2006
	<i>(in millions of euro)</i>	
Operating expenses	7,709	6,887
Value adjustments	742	450
Operating profit before taxation	3,048	2,712
Taxation.....	386	367
Net profit for the year	2,662	2,345
Of which attributable to Rabobank Nederland and local Rabobanks.....	1,937	1,757
Of which attributable to holders of Rabobank Member Certificates.....	299	277
Of which attributable to Trust Preferred Securities III to VI.....	106	110
Of which attributable to Capital Securities	17	
Of which attributable to minority interests.....	303	201
Net profit for the year	2,662	2,345

Additional Financial Data and Selected Ratios

	2007	2006	2005
BIS ratio ¹	10.9	11.0	11.8
Tier I ratio	10.7	10.7	11.6
Ratio of value adjustments/average private sector lending (in basis points)	22	15	20

Note:

- (5) The required capital of the banking operations in accordance with the BIS requirements amounts to 8 per cent. of all risk-weighted assets, off-balance sheet items and market risk associated with trading portfolios.

RISK MANAGEMENT

The Rabobank Group places a high priority on the management of risk and has extensive procedures in place for systematic risk management. Within the Rabobank Group, our risk management policies relating to interest rate risk, market risk and liquidity risk are developed and monitored by the Balance Sheet and Risk Management Committee (the “BRMC”) in cooperation with the Group Risk Management department. The BRMC is responsible for balance sheet management, establishing risk policy, setting risk measurement standards, broadly determining limits and monitoring developments, and advising the Executive Board on all relevant issues regarding risk management. Our risk management policies relating to credit risk are developed by the Policy Credit Committee Rabobank Group in cooperation with the Group Risk Management and the Credit Risk Management department. These two committees report to the Executive Board, which is ultimately responsible for risk management within the Rabobank Group.

The principal risks we face are credit risk, market risk, interest rate risk, country risk, liquidity risk and operational risk. Rabobank Group has implemented an economic capital framework to determine the amount of capital we should hold on the basis of our risk profile and desired credit rating. Economic capital represents the amount of capital needed to cover for all risks associated with a certain activity. The economic capital framework makes it possible to compare different risk categories with each other because all risks are analysed by using the same methodology. See also “Risk Factors”.

Risk Adjusted Return on Capital (RAROC)

Relating the profit achieved on a certain activity to the capital required for that activity produces the RAROC, the risk adjusted return on capital. RAROC is calculated by dividing economic return by economic capital. The calculation and review of RAROC across our business activities and entities assists the Rabobank Group in striking a balance between risk, returns and capital for both the Rabobank Group and its constituent parts. This approach encourages each individual group entity to ensure appropriate compensation for the risks it runs. RAROC is therefore an essential instrument for positioning products in the market at the right price.

The use of the RAROC model to classify the Rabobank Group’s activities also plays a significant part in the allocation of capital to the various group entities and the different risk categories. If the calculated RAROC lags behind a formulated minimum result to be achieved, which is a reflection of the costs of the capital employed, economic value is wasted. A higher RAROC implies the creation of economic value.

Market Risk

Market risk relates to the change in value of the Rabobank Group’s trading portfolio as a consequence of changes in market prices, such as interest rates, foreign exchange rates, credit spreads, commodity prices and equity share prices. The BRMC is responsible for developing and supervising market risk policies and monitors the Rabobank Group’s worldwide market risk profile. On a daily basis, the Market Risk department measures and reports the market risk positions. Market risk is calculated based on internally developed risk models and systems, which are approved and accepted by the Dutch Central Bank. The Rabobank Group’s risk models are based on the “value-at-risk” concept. Value-at-risk describes the maximum possible loss that the Rabobank Group can suffer in a single day, based on historical market price changes and a given certain confidence interval. Value-at-risk within the Rabobank Group is based on actual historical market circumstances. To measure the potential impact of strong adverse market price movements, stress tests are applied. These ‘event risk scenarios’ measure the effect of sharp and sudden changes in market prices. Statistical models are also used to generate other risk measures which assist the Market Risk department, as well as the BRMC in evaluating our market positions.

During the year 2007, our daily trading value-at-risk fluctuated between €20 million (2006: €22 million) and €32 million (2006: €32 million), with an average of €26 million (2006: €28 million).

On the basis of the value-at-risk analysis, Rabobank Nederland determines its use of capital for market risk positions throughout the Rabobank Group in compliance with the regulations of the Dutch Central Bank.

Value-at-risk models have certain limitations; they are more reliable during normal market conditions, and historical data may fail to predict the future. Therefore, value-at-risk results cannot guarantee that actual risk will follow the statistical estimate.

Interest Rate Risk

The Rabobank Group is exposed to structural interest rate risk in its balance sheet. Interest rate risk can result from, amongst other things, mismatches in assets and liabilities; for example, mismatches between the periods for which interest rates are fixed on loans and funds entrusted. The Rabobank Group manages interest rate risk through the BRMC using both the accrual based “income-at-risk” concept and the value based “equity-at-risk” concept. Based on the income-at-risk and equity-at-risk analyses, the Executive Board forms an opinion with regard to the acceptability of losses related to projected interest rate scenarios, and decides upon limits with regard to Rabobank Nederland’s interest rate risk profile.

The Rabobank Group’s short-term interest rate risk is measured and controlled based on the concept of “income-at-risk”. This is the maximum amount of interest income at risk for the coming 12 months, given a certain confidence level, due to severe changes in short-and long-term interest rates. During 2007, the maximum income-at-risk for the Rabobank Group did not exceed €150 million. The Rabobank Group’s long-term interest rate risk is measured and controlled based on the concept of “equity-at-risk”, which is the sensitivity of the Rabobank Group’s market value of equity to changes in interest rates. During 2007, the maximum equity-at-risk for the Rabobank Group did not exceed 8.0 per cent. Based on analysing certain scenarios, the consequences of changes in interest rates over a longer period of time are calculated and evaluated.

Credit Risk

The Rabobank Group aims to offer continuity in its services. It therefore pursues a prudent policy. Once granted, loans are carefully managed so there is a continuous monitoring of credit risk. Of the Rabobank Group’s credit portfolio to the private sector, 50 per cent. in 2007 consisted of loans to private individuals which tend to have a very low risk profile in relative terms. The remaining 50 per cent. was a highly diversified portfolio of loans to business clients in the Netherlands and internationally.

With respect to the management of the Rabobank Group’s exposure to credit risk, Rabobank Nederland’s Credit Risk Management department and Group Risk Management department play a key role. Credit applications beyond certain limits are subject to a thorough credit analysis by credit officers of Credit Risk Management. Group Risk Management monitors Rabobank Group’s credit portfolio and develops new methods for quantifying credit risks.

Risk profiling is also undertaken at the portfolio level using internal risk classifications for portfolio modelling. Internal credit ratings are assigned to borrowers by allocating all outstanding loans into various risk categories on a regular basis. The table below shows the impaired loans (i.e., the amount of loans for which an allowance has been made) per business unit as a percentage of private sector loans:

Impaired loans/private sector lending per business unit

	2007	2006	2005
		(%)	
Domestic Retail Banking	1.06	1.18	1.35
Wholesale and International Retail Banking.....	1.58	1.95	3.40

	2007	2006	2005
		(%)	
Leasing.....	2.06	1.82	1.75
Rabobank Group.....	1.18	1.34	1.73

Bad and Doubtful Debt

Rabobank Group's credit portfolio is routinely monitored for doubtful and bad debt, which results in review of the credit quality and consequently, if needed, adjustment of the credit rating and taking a provision for doubtful debt. Within Rabobank Group, a formal analysis of specifically identified larger loans takes place every quarter and is reported in the form of loan strategy reports, which include evaluation of the risks associated with each loan, the current financial condition of the borrower, the economic environment in which the borrower operates, the value of collateral and the strategy for the coming period to protect the interests of the Rabobank Group.

The table below sets forth the Rabobank Group's value adjustments for the three years ended 31 December 2007, 2006 and 2005, per business unit as a percentage of our private sector lending:

Value adjustments in a percentage of average private sector lending per business unit

	2007	2006	2005
		(%)	
Domestic Retail.....	0.06	0.07	0.09
Wholesale and International Retail Banking.....	0.63	0.39	0.52
Leasing.....	0.61	0.53	0.72
Rabobank Group.....	0.22	0.15	0.20

In determining the value adjustments, corporate loans are assessed on a loan by loan basis and the following factors are considered:

- the financial standing of the customer, including a realistic assessment of the likelihood of repayment of the loan within an acceptable period and the extent of our commitments to the customer;
- the realisable value of any collateral (security) for the loan; and
- the costs associated with obtaining repayment and realisation of any security.

Country Risk

Loans to parties abroad expose the Rabobank Group not only to the customary credit risk but also to country risks. Country risk is specifically attributable to events in a specific country or group of countries. We encounter country risk in our lending, trading and investment activities. We manage country risk using a system of internal ratings for each country. Based on these ratings and the determination of our Country Limit Committee as to how much risk to take on, internal limits per country are established. The decisions on the country risk limits are taken at Executive Board level and are based on recommendations of the Country Limit Committee. Provisions for country risk are made if repayment problems might arise as a result of government measures or extreme circumstances in a country. Due account is taken of risk mitigating factors such as collateral outside the country of risk and structure of the transaction.

Liquidity Risk

Liquidity risk is the risk that a member of the Rabobank Group will not be able to meet its financial liabilities when due. The Rabobank Group policy provides that the maturity is aligned with the maturity of the loans. In addition, this risk is managed in three different ways. First, the bank limits outgoing cash flows by measuring and reporting on a daily basis which incoming and outgoing cash flows are to be expected over the next 30 days. In addition, limits have been set for such outgoing cash flows for each currency and location. In order to be prepared for possible crises, detailed contingency plans are in place that provide the procedures to be followed.

Secondly, a large buffer of liquid securities is being held. If necessary, these assets can be used for borrowings from central banks, in repo transactions or for direct selling in the market as a way of generating liquidity.

Thirdly, liquidity risk is limited by Rabobank Group's prudent funding policy, which is to meet the funding requirements of the Group entities at an acceptable cost. In this context, diversification of funding sources and currencies, flexibility of the funding instruments used and active investor relations play an important role. This prevents Rabobank Group's overdependence from a single source of funding.

Liquidity risk is an organisation-wide matter and managed by Treasury Rabobank Group in cooperation with Rabobank International Global Financial Markets.

Operational Risk

Operational risk is the risk of direct or indirect losses arising from deficiencies in procedures and systems and from human failures or from external events. We have implemented a Group-wide operational risk policy, which was introduced in mid-2003. Decentralised databases are set up at all entities to record operational incidents and report them on a quarterly basis. In addition, sophisticated instruments are made available to enable robust operational risk management within each Rabobank Group entity. As before, the management of the individual Rabobank Group entities is responsible for developing policy, processes and procedures to manage operational risk in line with Group policy.

GOVERNANCE OF THE RABOBANK GROUP

Supervisory Board and Executive Board

Rabobank Nederland has a Supervisory Board and an Executive Board. The Supervisory Board (*raad van commissarissen*) of Rabobank Nederland consists of at least seven persons and is responsible for monitoring Rabobank Nederland's policy, compliance with applicable legislation and its articles of association and examining and reporting to the General Meeting on the annual statement of accounts. On the recommendation of the Supervisory Board, the General Meeting appoints the Rabobank Group's external auditor, whose statement on accounts is also submitted to the General Meeting. In addition, the Supervisory Board advises the Executive Board. In the performance of their duties, the members of the Supervisory Board act in the interest of Rabobank Nederland and its affiliated entities. Members of the Supervisory Board are, on the recommendation of the Supervisory Board, appointed by the General Meeting. Lense (L.) Koopmans is the Chairman of the Supervisory Board of Rabobank Nederland. The total remuneration of the members of the Supervisory Board amounted to €1.4 million in 2007.

The Executive Board (*raad van bestuur*) of Rabobank Nederland consists of at least two members. The number of members is determined by the Supervisory Board. The members are appointed by the Supervisory Board and may be suspended and removed by the Supervisory Board. The Executive Board prepares and executes Group strategy and has responsibility for the appointment, suspension and removal of general managers of Rabobank Nederland and the management of Rabobank Nederland, which includes, under the approval of the Supervisory Board, the authorisation of debenture issues of Rabobank Nederland. The Executive Board is responsible for the compilation of the annual statement of accounts for adoption by the General Meeting and the recommendation of the profit appropriation to Rabobank Nederland's members. At present, the Executive Board consists of six persons. Bert (H.) Heemskerk is the Chairman of the Executive Board of Rabobank Nederland. The total remuneration of the members of the Executive Board amounted to €10.8 million in 2007.

No individual may be a member of both Rabobank Nederland's Supervisory Board and Rabobank Nederland's Executive Board. A member of the Supervisory Board is neither permitted to be part of the staff of Rabobank Nederland, a local Rabobank or any institution affiliated with Rabobank Nederland, nor permitted to be part of the Supervisory Board, the Executive Board or the board of directors of a local Rabobank. No member of the Executive Board is permitted to hold office with, or be employed by, any local Rabobank. The members of the Supervisory Board and the Executive Board cannot hold any office with a credit institution within the meaning of the Financial Supervision Act which is not in any way affiliated with Rabobank Nederland.

The following persons, all of whom are resident in the Netherlands except Mr. Berndsen who is resident in Belgium, are appointed members of the Supervisory Board respectively the Executive Board of Rabobank Nederland.

Supervisory Board of Rabobank Nederland

Name	Born	Year Appointed ¹	Term Expires	Nationality
Lense (L.) Koopmans, Chairman	1943	2002	2009	Dutch
Leo (L.J.M.) Berndsen	1942	2002	2009	Dutch
Teun (T.) de Boon	1941	2002	2008	Dutch
Bernard (B.) Bijvoet	1940	2002	2008	Dutch
Sjoerd (S.E.) Eisma	1949	2002	2008	Dutch

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

Note:

- (6) As a result of a 2002 amendment of the management organisation of Rabobank Nederland, the former supervisory council was replaced by the supervisory board due to which the appointment date for a number of supervisory directors was fixed at 2002 even though they had been previously on the supervisory council.

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

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

Teun (T.) de Boon: Vice-Chairman of development institute ZOD Neere, Burkina Fasso. Senior Adviser of the Netherlands Management Corporation Programme (PUM). Member of the Board of Governors of the Institute for Latin America. Member of the Nieuwe Sociëteit Oisterwijk. Member of Mars & Mercurius, Oisterwijk. Chairman of the Oisterwijk Tourism and Recreation Platform.

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

Sjoerd (S.E.) Eisma: Member of the bar in The Hague, partner at De Brauw Blackstone Westbroek N.V. Deputy Judge at the court of law in The Hague. Chairman of the Supervisory Board of HAL Holding N.V. (investment company). Vice Chairman of the Supervisory Board of Grontmij N.V. Member of the Board of Directors of Directors of HAL pension fund. Member of the Board of Directors of the Anton Philips Fund. Member of the Board of Stichting Steve Reich. Member of the Capital Market Committee of the Netherlands Authority for the Financial Markets. Member of the Board of the Securities Law Association. Professor in the

University of Amsterdam. Staff Member of the Dutch Lawyer's Magazine. Member of the Advisory Council of Sunsmile Trading/Sunsmile de Mozambique. Member of the Board of the Stichting Willem-Alexander Kinderfonds. Member of the Board of Stichting Haags Kinderatelier. Member of the Board of Stichting of Holland Financial Centre. Chairman of the Board of Supervision of the School of Expressive Art, Music and Dance.

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

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

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

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

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

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

Cees (C.P.) Veerman: Chief Executive Officer of Bracamonte B.V. in Groesbeek. Professor at Tilburg University and Wageningen University focusing on the field of sustainable rural development from a European perspective. Member of the Supervisory Board of Stichting STAK and MERITA, Chairman of the Board of Knowledge for Climate (research project). Chairman of the Delta Committee. Chairman of the Society for the Preservation of Nature Reserves in the Netherlands.

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

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

Executive Board of Rabobank Nederland

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

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

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

Piet (P.W.) Moerland: Mr. Moerland was appointed to Rabobank Nederland’s Executive Board as of 1 January 2003. As one of the two members of the Executive Board focused on the cooperative retail business, Mr. Moerland is responsible for Medium and Small scale Business, Shared Services and Facilities and the department that operationally supports the local banks. After completing his degree and dissertation in the field of economics at the Erasmus University of Rotterdam in 1978, Mr. Moerland undertook a position with Rabobank Nederland’s Central Group Staff from 1979 to 1980. Mr. Moerland then took a position as a professor of business administration with a focus on economics at the University of Groningen from 1981 to 1987 and as a professor of business economics with a focus on corporate finance at the University of Tilburg from 1988 to 2002. Mr. Moerland also had an unsponsored chair as a professor of corporate governance at the

University of Tilburg. Within the Rabobank Group Mr. Moerland serves as a member of the Supervisory Board of Rabobank International Advisory Services B.V. and as a member of the Board of Directors of Rabobank Foundation and as a Member of the Supervisory Board of Bank Sarasin & Cie AG. Outside Rabobank, Mr. Moerland serves as a member of the Supervisory Board of Essent N.V. (electricity), member of the Advisory Board of the Netherlands Order of Accountants and Administration Consultants, Member of the Board of Directors of the NVB (Association of Dutch Banks), member of the Executive Committee European Association of Co-operative Banks (Groupement) and Chairman of the Board of Stichting Toezicht Interne Markt Rabobank Ledencertificaten.

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

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

Central Delegates Assembly

Influence and control of the local Rabobanks with respect to Rabobank Nederland are exercised directly or indirectly via representation in two corporate bodies, the Central Delegates Assembly and the General Meeting.

The Central Delegates Assembly consists of the board members of the various Regional Delegates Assemblies, which consist of the members of Rabobank Nederland, the local Rabobanks. The powers of the Central Delegates Assembly include, amongst other, the establishment of rules that all member banks must comply with and the right to approve the annual plan and the budget of Rabobank Nederland insofar as this concerns the business of the member banks. The outcome can influence Rabobank Nederland's policy. Furthermore, in the Central Delegates Assembly, substantive discussions take place which mainly concern the business of the local Rabobanks.

The General Meeting

The General Meeting is the body through which all local Rabobanks, as members of Rabobank Nederland, can exercise direct control. The General Meeting deals with important issues, such as the adoption of the financial statements, amendments to the articles of association and regulations, and the appointment of members of the Supervisory Board.

Governance of the local Rabobanks

Each local Rabobank within the Rabobank Group is governed by a Board of Directors and a Supervisory Board. Members of the Supervisory Board are elected by the members of the local Rabobank from their ranks. There are two possible management models for the local Rabobanks: the partnership model and the executive model.

Partnership model

In the partnership model, the management of the local Rabobanks consists of persons elected by the members from their ranks, plus a managing director who is appointed by the Supervisory Board. The managing director is primarily concerned with the day-to-day management of the bank's operations. The Supervisory Board supervises the management. Banks using the partnership model may install a members' council and always have a general meeting.

Executive model

In the executive model, the local Rabobanks have a Board of Directors comprising several persons appointed by the Supervisory Board. The Board of Directors operates under the supervision of the Supervisory Board. In this model, no managers are elected by the members from their ranks, as is the case in the partnership model. In order to firmly and permanently embed member influence and control in the structure, banks using the executive model install a members' council. The members' council assumes the bulk of the powers of the General Meeting and furthermore promotes and structures member control and engagement. The General Meeting continues to exist, but decides only on major issues that impact the local banks' continued existence.

Administrative, Management and Supervisory Bodies - conflicts of interests

The Issuer is not aware of any potential conflicts of interest between the duties to the Issuer and their private interests or other duties of the persons listed above under "Supervisory Board of Rabobank Nederland" and 'Executive Board of Rabobank Nederland'.

Administrative, Management and Supervisory Bodies - business address

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

REGULATION OF THE RABOBANK GROUP

Rabobank Nederland is a bank organised under the laws of the Netherlands. The principal Dutch law on supervision applicable to Rabobank Nederland is the Financial Supervision Act (*Wet op het financieel toezicht*), which entered into force on 1 January 2007 and under which Rabobank Nederland is supervised by the Dutch Central Bank, the Netherlands Authority for the Financial Markets and the Dutch Minister of Finance. Rabobank Nederland and the various Rabobank Group entities are also subject to certain European Union (“EU”) directives which have a significant impact on the regulation of the Rabobank Group’s banking, asset management and broker-dealer businesses in the EU and the regulation and control of local central banks and monetary authorities of the various countries in which we do business.

Basel Standards

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

In June 1999, the Basel Committee proposed a review of the Basel guidelines of 1988. Several consultative papers for a new capital accord were released by the Basel Committee on Banking Supervision, which were discussed by several international working parties. The new accord (“Basel II” - the previous Basel guidelines being referred to as “Basel I”) was published in June 2004. The target is to achieve a flexible framework that is more closely in line with internal risk control and that will result in a more sophisticated credit risk weighting. The new framework, consisting of three ‘pillars’, reinforces these risk-sensitive requirements by laying out principles for banks to assess the adequacy of their capital (“Pillar 1”) and for supervisors to review such assessments to ensure banks have adequate capital to support their risks (“Pillar 2”). It also seeks to strengthen market discipline by enhancing transparency in banks’ financial reporting (“Pillar 3”).

Basel II provides a range of options for determining the capital requirements for credit risk and also operational risk. In comparison to Basel I, Pillar 1 of the new capital framework aligns the minimum capital requirements more closely to each bank’s actual risk of economic loss. Pursuant to Pillar 2, effective supervisory review of banks’ internal assessments of their overall risks is exercised to ensure that bank management is exercising sound judgment and has reserved adequate capital for these risks. Pillar 3 uses market discipline to motivate prudent management by increasing transparency in banks’ public reporting.

Instead of the previous “one size fits all” approach, under Basel II banks have the option to choose between various approaches, each with a different level of sophistication in risk management, ranging from simple via intermediate to advanced, giving banks the possibility to select approaches that are most appropriate for their operations and their financial market infrastructure.

For credit risk, banks can choose between the “Standardised Approach”, the ‘Foundation Internal Ratings Based Approach’ and the ‘Advanced Internal Ratings Based Approach’. The Standardised Approach is based

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

For operational risk, banks can also choose between three approaches with different levels of sophistication, the most refined one being the Advanced Measurement Approach. The Rabobank Group has chosen for the “Advanced Measurement Approach”.

The Rabobank Group joined in a number of global exercises initiated by the Basel Committee, aimed at establishing the consequences of Basel II. Given its traditionally low (credit) risk profile, the new capital adequacy requirements for the Rabobank Group are significantly lower than the ones under Basel I. The Rabobank Group has already started the implementation of Basel II long before it became applicable.

EC Directive 2000/12 and EEC Directive 1993/6, referred to under “European Union Standards” below, have been recast by EC Directives 2006/48 and 2006/49, respectively, to introduce the new capital requirements framework. In the Netherlands, these new Directives were transposed into national regulations under the Financial Supervision Act. Basel II impacts the areas of risk sensitivity, group structures, equity holdings in non-banks and retail exposures.

European Union Standards

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

As stated above, EC Directive 2000/12 and EEC Directive 1993/6 have been recast by EC Directives 2006/48 and 2006/49, respectively, to introduce the new capital requirements framework agreed by the Basel Committee on Banking Supervision. The new rules on capital requirements reflect the flexible structure and the major components of Basel II, tailored to the specific features of the EU market. The simple and intermediate approaches of Basel II have been available from January 2007 and the most advanced approaches since January 2008.

On 16 December 2002, the European Union adopted a directive on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate. This directive aims to address the supervisory issues that arise from the blurring of distinctions between the activities of firms in each of the banking, securities, investment services and insurance sectors. The main objectives of the directive are to:

- I. ensure that a financial conglomerate has adequate capital;
- II. introduce methods for calculating a conglomerate's overall solvency position;
- III. deal with the issues of intra-group transactions, exposure to risk and the suitability and professionalism of management at financial conglomerate level; and
- IV. prevent situations in which the same capital is used simultaneously as a buffer against risk in two or more entities which are members of the same financial conglomerate ("double gearing") and where a parent issues debt and downstreams the proceeds as equity to its regulated subsidiaries ("excessive leveraging").

The directive provides that EU Member States have to provide that the provisions of this directive shall first apply to the supervision of accounts for the financial year beginning on 1 January 2007. This directive was implemented in the Netherlands in the Financial Supervision Act that came into effect on 1 January 2007.

Dutch Regulation

General

In 2001, a major supervisory reform was undertaken in the Netherlands. The sector-oriented supervision (by the Dutch Central Bank on banks, the Pensions and Insurance Supervisory Board on pension funds and insurance institutions and the Netherlands Authority for the Financial Markets on securities institutions) has been replaced by a more functional approach. As of September 2002, supervision has been divided into prudential supervision, carried out by the Dutch Central Bank (which has merged with the Pension and Insurance Supervisory Board), and conduct of business supervision, carried out by the Netherlands Authority for the Financial Markets.

Pursuant to authority granted under the Financial Supervision Act, the Dutch Central Bank, on behalf of the Dutch Minister of Finance, supervises and regulates the majority of the Rabobank Group's activities. The Netherlands Authority for the Financial Markets supervises primarily the conduct of business. Set forth below is a brief summary of the principal aspects of the Financial Supervision Act.

Scope of the Financial Supervision Act

A bank is any enterprise whose business it is to receive repayable funds from outside a closed circle and from others than professional market parties, and to grant credits for its own account. Rabobank Nederland and various Rabobank Group entities, including each of the local Rabobanks, are banks and, because they are engaged in the securities business as well as the commercial banking business, each is considered a "universal bank".

Licensing

Under the Financial Supervision Act, a bank established in the Netherlands is required to obtain a licence from the Dutch Central Bank before engaging in any banking activities. The requirements to obtain a licence, among others, are as follows: (i) the day-to-day policy of the bank must be determined by at least two persons; (ii) the bank must have a body of at least three members which has tasks similar to those of a board of supervisory directors; and (iii) the bank must have a minimum equity (*eigen vermogen*) of €5,000,000. Also, the Dutch Central Bank shall refuse to grant a licence if, among other things, it is of the view that (i) the persons who determine the day-to-day policy of the bank have insufficient expertise to engage in the business of the bank, (ii) the trustworthiness of the persons who determine the policy of the bank is not beyond doubt, or (iii) through a qualified holding in the bank, influence on the policy of such enterprise or institution may be exercised which is contrary to "prudent banking policy" (*gezonde en prudente bedrijfsvoering*). In addition to certain other grounds, the licence may be revoked if a bank fails to comply with the requirements for maintaining it.

Reporting and Investigation

A bank is required to file with the Dutch Central Bank its annual financial statements in a form approved by the Dutch Central Bank, which includes a balance sheet and a profit and loss statement that have been certified by an appropriately qualified auditor. In addition, a bank is required to file quarterly (and some monthly) statements, on a basis established by the Dutch Central Bank, which also has the option to demand more frequent reports.

Rabobank Nederland and the local Rabobanks must file consolidated quarterly (and some monthly) reports as well as annual reports that provide a true and fair view of their respective financial position and results with the Dutch Central Bank. Our independent auditors audit these reports annually.

Supervision

The Dutch Central Bank exercises supervision with respect to the solvency and liquidity of banks, supervision of the administrative organisation of banks and structure supervision relating to banks. To this end, the Dutch Central Bank has issued the following general regulations:

Solvency Supervision

The regulations of the Dutch Central Bank on solvency supervision require - in broad terms - that a bank maintains own funds in an amount equal to at least 8 per cent. of its risk-weighted assets and operations. These regulations also impose limitations on the aggregate amount of claims (including extensions of credit) a bank may have against one debtor or a group of related debtors. Since the implementation of the Financial Supervision Act, the regulations have become more sophisticated, being derived from the new capital measurement guidelines of Basel II as described under “Basel Standards” above and as laid down in EU directives described above under “European Union Standards”. For credit risk Rabobank intends to make use of the advanced approach starting 1 January 2008. For operational risk Rabobank uses the most refined approach, the Advanced Measurement Approach.

Liquidity Supervision

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

Structure Supervision

The Financial Supervision Act provides that a bank must obtain a declaration of no-objection from the Minister of Finance (or in certain cases from the Dutch Central Bank) before, among other things, (i) reducing its own funds (*eigen vermogen*) by way of repayment of capital or distribution of reserves or making disbursements from the item comprising the cover for general banking risks as referred to in article 2:424 of the Dutch Civil Code, (ii) acquiring or increasing a qualified holding in a regulated institution such as a bank or other regulated financial institution, if the balance sheet total of that institution at the time of the acquisition or increase amounts to more than one per cent. of the bank’s consolidated balance sheet total, (iii) acquiring or increasing a “qualified holding” in another enterprise than those mentioned under (ii) if the amount paid for the acquisition or the increase together with any amounts paid for prior acquisitions and prior increases exceeds one per cent. of the consolidated own funds (*eigen vermogen*) of the bank, (iv) acquiring all or a substantial part of the assets and liabilities of another enterprise or institution if this amounts to more than 1 per cent. of the bank’s consolidated balance sheet total, (v) merging with another enterprise or institution if the balance sheet total thereof amounts to more than 1 per cent. of the bank’s consolidated balance sheet total or (vi) proceeding to financial or corporate reorganisation. For purposes of the Financial Supervision Act,

“qualified holding” is defined to mean the holding, directly or indirectly, of an interest of at least ten per cent. of the issued share capital or voting rights in an enterprise, or a similar form of control.

In addition, any person is permitted to hold, acquire or increase a qualified holding in a bank, or to exercise any voting power in connection with such holding, only after such declaration of no objection has been obtained.

Administrative Supervision

The Dutch Central Bank also supervises the administrative organisation of the individual banks, their financial accounting system and internal controls. The administrative organisation must be such as to ensure that a bank has at all times a reliable and up-to-date overview of its rights and obligations. Furthermore, the electronic data processing systems, which form the core of the accounting system, must be secured in such a way as to ensure optimum continuity, reliability and security against fraud. As part of the supervision of the administrative organisation, the Dutch Central Bank has also stipulated that this system must be able to prevent conflicts of interests, including the abuse of inside information.

Emergencies

The Financial Supervision Act contains an ‘emergency regulation’ which can be declared in respect of a bank by a Dutch court at the request of the Dutch Central Bank in the interest of the combined creditors of the bank. As of the date of the emergency, only the court appointed administrators have the authority to exercise the powers of the organs of the bank. A bank can also be declared in a state of bankruptcy by the court.

TAXATION

1 General

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

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

2 European Union Savings Directive

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

3 Netherlands Taxation

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Base Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of a Note, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

In respect of any Note that would be exchangeable for shares of a corporation, the following summary does not deal with the tax consequences of the holding or disposing of such shares.

For the purpose of this summary it is assumed that no holder of a Note has or will have a substantial interest or deemed substantial interest, either (a) in the Issuer, or (b) in case the note is exchangeable for shares of a corporation, in such corporation.

Generally speaking, an individual holding a Note has a substantial interest in a corporation if such individual has, either alone or together with his partner, or if certain relatives of such individual or his partner have, directly or indirectly, (I) the ownership of, or certain rights over (a) shares representing 5 per cent or more of either the total issued and outstanding capital of the corporation or the issued and outstanding capital of any class of shares of the corporation, or (b) profit participating certificates (winstbewijzen) that relate to 5 per

cent or more of the annual profit or liquidation proceeds of the corporation, or (II) a right to acquire such ownership or rights. An individual holding a Note, or his partner or relevant relative, has a deemed substantial interest in a corporation if either (a) such person or his predecessor has disposed of, or is deemed to have disposed of, a substantial interest, or (b) such person has transferred an enterprise to the corporation, on a non-recognition basis.

Generally speaking, an entity holding a Note has a substantial interest in a corporation if such entity has, directly or indirectly, (I) the ownership of, or certain rights over (a) shares representing 5 per cent or more of either the total issued and outstanding capital of the corporation or the issued and outstanding capital of any class of shares of the corporation, (b) or profit participating certificates (winstbewijzen) that relate to 5 per cent or more of the annual profit or liquidation proceeds of the corporation, or (II) a right to acquire such ownership or rights. An entity holding a Note has a deemed substantial interest in a corporation if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.

Specifically in relation to the Issuer, a holder of a Note has a substantial interest in the Issuer if such holder has, directly or indirectly, (I) the ownership of, or certain rights over, membership rights (lidmaatschapsrechten) in the Issuer, or equity certificates (bewijzen van deelgerechtigdheid in het vermogen) issued by the Issuer, that relate to 5 per cent or more of the annual profit or liquidation proceeds of the Issuer, or (II) a right to acquire such ownership or rights. An individual or entity holding a Note has a deemed substantial interest in the Issuer in the same situations as apply in case of a deemed substantial interest in a corporation.

For the purpose of this summary, the term entity means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.

Investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of a Note.

3.1 WITHHOLDING TAX

All payments by the Issuer in respect of the Notes can be made free of withholding or deduction of any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein, unless the Notes qualify as debt that effectively functions as equity for tax purposes as meant in article 10, paragraph 1, sub d of the Corporate Tax Act (Wet op de vennootschapsbelasting 1969). According to Supreme Court case law, the Notes effectively function as equity if (a) the Notes are subordinated to all other creditors of the Issuer, (b) the Notes do not have a fixed maturity or have a maturity of more than 50 years, and (c) payments under the Notes are entirely or almost entirely dependent on the Issuer's profits.

3.2 TAXES ON INCOME AND CAPITAL GAINS

A holder of a Note will not be subject to taxation on income or a capital gain derived from a Note unless:

- (i) the holder is, or is deemed to be, or - in case the holder is an individual - has elected to be treated as, resident in The Netherlands for the relevant tax purposes;
- (ii) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (vaste inrichting) or permanent representative (vaste vertegenwoordiger) in The Netherlands; or
- (iii) the holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (belastbaar resultaat uit overige werkzaamheden) in The Netherlands as defined in the

Income Tax Act (Wet inkomstenbelasting 2001), including, without limitation, activities that exceed normal, active asset management (normaal, actief vermogensbeheer).

3.3 GIFT AND INHERITANCE TAXES

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder, unless:

- (i) the holder is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions; or
- (iii) such Note is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (vaste inrichting) or permanent representative (vaste vertegenwoordiger) in The Netherlands.

3.4 VALUE ADDED TAX

The issuance or transfer of a Note, and payments of interest and principal under a Note, will not be subject to value added tax in The Netherlands.

3.5 OTHER TAXES AND DUTIES

The subscription, issue, placement, allotment, delivery or transfer of a Note will not be subject to registration tax, stamp duty or any other similar tax or duty payable in The Netherlands.

3.6 RESIDENCE

A holder of a Note will not be, or deemed to be, resident in The Netherlands for tax purposes and, subject to the exceptions set out above, will not otherwise be subject to Dutch taxation, by reason only of acquiring, holding or disposing of a Note or the execution, performance, delivery and/or enforcement of a Note.

4 Germany

The following discussion of certain German tax consequences of buying, holding or disposing of the Notes is based on tax laws (including tax treaties), regulations, decisions, judgments and administrative decrees currently in effect, which may be amended or construed differently, potentially with retroactive or retrospective effect. However, this section does not cover all possible tax consequences which are relevant to the decision of any potential purchaser with respect to buying, holding or disposing of the Notes; in particular, it does not refer to specific circumstances which may be relevant to certain purchasers. This means that the following comments exclusively refer to Notes as an investment as such (unless expressly indicated otherwise) and does not address any persons in their specific tax situation. The information contained in the following section is not intended to be, and does not purport to be, legal or tax advice.

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

4.1 German Tax Residents

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

The taxation of Noteholders will change as from the assessment period 2009. With regard to Notes purchased before 1 January 2009, certain transition rules may apply (please see 4.1.3 below).

4.1.1 Assessment period 2008

The following paragraphs apply to interest income and other proceeds taxable in the assessment period 2008. With regard to taxable income as from the assessment period 2009 onwards, please see 4.1.2 below.

(a) Taxation of interest income

Payments of interest on the Notes, including payments of interest accrued until disposal of a Note which is credited separately ("**Accrued Interest**" – *Stückzinsen*) to German Holders are subject to German income or corporate income tax. If the Notes form part of a German trade or business, interest income derived from the Notes will also be subject to German trade tax. German trade tax is a municipal tax levied at an effective tax rate of currently 7 per cent. to about 17 per cent. depending on the trade tax factor applied by the relevant municipality.

(b) Withholding tax on interest income

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

If the German Holder is an individual to whom income from the Notes qualifies as income from capital investments (*Einkünfte aus Kapitalvermögen*) and such German Holder has filed a certificate of exemption (*Freistellungsauftrag*) with the German Disbursing Agent, no tax will be withheld by the German Disbursing Agent, but only to the extent that the interest income derived from the Notes together with other income from capital investments administered by the German Disbursing Agent does not exceed the maximum exemption amount shown on this certificate. Similarly, no tax will be withheld if the German Holder submits to the German Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the competent local tax authority.

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

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

(c) Disposal or redemption of the Notes

If Notes which do not qualify as financial innovations (in this respect, please see (d) below) are disposed or redeemed in 2008, capital gains resulting from such disposal or redemption (or, as the case may be, from the payment at maturity of the Notes) realised by individual German Holders holding the Notes as private assets (“**Private German Investors**”) is taxable as income from so-called private disposals (*private Veräußerungsgeschäfte*). Capital losses from such disposal or redemption realised by Private German Investors in respect of the Notes may only be set off against taxable capital gains resulting from a disposal of Notes or from other private disposals within the same fiscal year and, subject to certain limitations, in the preceding year or in subsequent years. For a transitional period from 2009 to 2013, losses from private disposals can also be set off against income from capital investments, subject to certain limitations.

Capital gains realised by Private German Investors are tax-free if the aggregate amount derived from taxable private disposals is less than EUR 600.00 in one calendar year.

If such Notes are held as business assets of a German Holder, capital gains resulting from the disposal or redemption of the Notes (or, as the case may be, from the payment at maturity of the Notes) are subject to income or corporate income tax as business income (in both cases plus solidarity surcharge thereon) and, if applicable, trade tax.

Capital gains which are taxable as income from private disposals are not subject to German withholding tax.

(d) Special Rules for Financial Innovations

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

If the Notes qualify as Financial Innovations, capital gains in the amount of the proportionate yield to maturity (*besitzanteilige Emissionsrendite*) arising upon the disposal or redemption or upon maturity of the Notes realised by a Private German Investor are subject to income tax. The same holds true for capital gains so derived by a secondary or subsequent purchaser who is a Private German Investor.

If the yield to maturity (*Emissionsrendite*) cannot be established, the interest income is deemed to be equal to the amount of the difference between the proceeds from the disposal or redemption and the purchase price of the Notes (market yield – *Marktrendite*). If the Notes are denominated in a currency other than Euro, the market yield is calculated in the respective currency. If a yield to maturity (*Emissionsrendite*)

can be established, only the part of the capital gain is subject to income tax that is attributable to the yield to maturity (*Emissionsrendite*) during the period the respective German Private Investor held the Notes.

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

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

4.1.2 As from the assessment period 2009 onwards

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

(a) Income from the Notes

All income from the Notes (e.g. interest income and capital gains) realised by Private German Investors will qualify as income from capital investments and, thus, be subject to German income tax plus solidarity surcharge thereon.

If the Notes are held as business assets of a German Holder, capital gains resulting from the disposal or redemption of the Notes (or, as the case may be, from the payment at maturity of the Notes) are subject to income or corporate income tax as business income (in both cases plus solidarity surcharge thereon) and, if applicable, trade tax.

(b) Withholding tax arises as follows:

Interest income:

If the Notes are held by the German Holder in a custodial account maintained with a German branch of a German or non-German bank or financial services institution or with a German securities trading firm (*Wertpapierhandelsunternehmen*) or a German securities trading bank (*Wertpapierhandelsbank*) which pays or credits the interest, a 25 per cent. withholding tax (so-called *Abgeltungsteuer*), plus a 5.5 per cent. solidarity surcharge thereon, resulting in a total withholding tax charge of 26.375 per cent., will be levied on interest payments or credits. The same will apply if Notes are presented for payment or credit at the office of a German credit or financial services institution (or at a German branch of a foreign institution), or a German *Wertpapierhandelsunternehmen* or a German *Wertpapierhandelsbank*.

Capital gains:

If the Notes are held by the German Holder in a custodial account maintained with a German branch of a German or non-German bank or financial services institution or with a German *Wertpapierhandelsunternehmen* or a German *Wertpapierhandelsbank*, a 25 per cent. withholding tax (so-called *Abgeltungsteuer*), plus a 5.5 per cent. solidarity surcharge thereon, resulting in a total withholding tax charge of 26.375 per cent., will be

levied on the positive difference between the purchase price paid by the Noteholder and the selling price or redemption amount, as the case may be, if the Notes are kept in such custodial account since the time of their acquisition. If such criteria are not fulfilled, if e.g. the Notes are sold or redeemed after a transfer from another securities deposit account, the Noteholder may, under certain circumstances, provide evidence for the purchase price. If such evidence is not provided, the price difference as the taxable base for withholding tax will be substituted by a flat amount of 30 per cent. of the selling price or the redemption price. If the Notes are denominated in a currency other than Euro, capital gains will be calculated in Euro.

For Private German Investors, such withholding tax shall generally be final and only be included in the relevant tax assessment upon application, especially if the individual income tax rate lies below 25 per cent. The *Sparer-Freibetrag* is combined with the *Werbungskostenpauschale* to a flat sum (*Sparer-Pauschbetrag*) in the amount of EUR 801.00 (EUR 1,602.00 for married couples filing their tax return jointly) to be deducted in computing the overall income from capital investments. The deduction of actually accrued expenses will not be possible any more.

4.1.3 Transition rules:

Interest payments received on or after 1 January 2009 will be subject to the rules set out in 4.1.2 above irrespective of whether the Notes have been acquired before 1 January 2009.

If the Notes qualify as Financial Innovations, capital gains will also be subject to the rules set out in 4.1.2 above irrespective of whether the Notes have been acquired before 1 January 2009.

If the Notes qualify as speculative instruments within the meaning of the current version of section 23 para 1 no 2 of the German Income Tax Act (*Einkommensteuergesetz*), capital gains from disposals or redemptions that take place until and including 30 June 2009 will be taxed according to the current rules set out in 4.1.1 (c) above. The same holds true if the disposal or redemption takes place after 30 June 2009, but the Notes have been acquired before 1 January 2009 and the disposal or redemption takes place within one year after the acquisition. For the rest, income from such Notes will be subject to the rules set out in 4.1.2 above.

4.2 Non-German Tax Residents

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

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

4.3 Gift and Inheritance Taxation

According to German tax law, no estate, inheritance or gift taxes with respect to any Notes will arise if, in the case of estate and inheritance taxes, both the decedent and the heir and, in the case of gift taxes, both the donor and the donee are not tax-resident and are not deemed to be tax-resident in Germany at the time of the transfer and such Notes are not attributable to a permanent establishment in Germany. In the case of a decedent, donor or heir who is a German national, this only applies if such person has not been resident in Germany for more than five consecutive years.

4.4 Stamp Duty

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

SUBSCRIPTION AND SALE

Dealer Agreement

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

Selling Restrictions

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

(i) *EEA States*

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

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

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

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

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

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

(ii) Austria

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

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

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

(iii) United States

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In addition, until 40 days of the commencement of the offer, an offer or sale of Notes within the United States by any Dealer not participating in the issuance of the Notes may violate the registration requirements of the Securities Act.

(iv) *United Kingdom*

Each Dealer has represented, warranted and agreed and each further Dealer appointed will be required to represent, warrant and agree that:

- (1) in relation to any Notes which must be redeemed before the first anniversary of the date of their issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer;
- (2) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not, or would not, if it was not an authorised person, apply to the Issuer; and
- (3) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the applicable Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

None of the Issuer or the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

Each Dealer has agreed, and each further Dealer appointed pursuant to the Programme will be required to agree, that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Base Prospectus and will obtain any consent, approvals or permission required by it for the purchase, offer, sales or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer or any of the other Dealers shall have any responsibility therefor.

GENERAL INFORMATION

1. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The update of the Programme was authorised pursuant to a resolution of the Issuer passed on 22 August 2008.
2. Except as disclosed under “Recent developments” on page 81 of this Base Prospectus, there has been no significant change in the financial or trading position of the Issuer or of the Group, and there has been no material adverse change in the financial position or prospects of the Issuer or of the Group, since 31 December 2007.
3. There are no governmental, litigation or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period covering the 12 months preceding the date of this Offering Circular which may have, or have had in the recent past, significant effects on the Issuer’s and/or Rabobank Group’s financial position or profitability.
4. Each TEFRA D Note will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.
5. The Notes have been accepted for clearance through Clearstream Banking and the Euroclear and Clearstream systems. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the applicable Final Terms. The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels; the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of Clearstream Banking is Clearstream Banking AG, Neue Börsenstraße 1, D-60487 Frankfurt am Main, Germany.
6. For the period of 12 months following the date of this Base Prospectus, copies of the following documents will be available free of charge, during usual business hours on any weekday (Saturdays and public holidays excepted), at the offices of the Paying Agents at BNP Paribas Securities Services S.A. - Frankfurt Branch at Grüneburgweg 14, 60322 Frankfurt am Main, Germany and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) at Croeselaan 18, 3521 CB Utrecht, The Netherlands.:
 - (a) the Agency Agreement (as amended and supplemented from time to time) (which includes the form of the Global Notes;
 - (b) the Articles of Association of the Issuer;
 - (c) the audited consolidated financial statements of Rabobank Group and audited and unconsolidated financial statements of Rabobank Nederland for the years ended 31 December 2005, 2006 and 2007;
 - (d) the annual reports of Rabobank Group for the years ended 31 December 2005, 2006 and 2007;
 - (e) a copy of the latest Base Prospectus (together with any supplement including the Final Terms thereto); and
 - (f) any copies of the documents incorporated by reference into this Base Prospectus.
7. For the period of 12 months following the date of this Base Prospectus, copies of the latest annual consolidated accounts of Rabobank Group and the latest unaudited consolidated half yearly interim accounts of Rabobank Group may be obtained free of charge at the specified offices of each of the

Paying Agents during normal business hours, so long as any of the Notes are outstanding. Copies of the latest annual non-consolidated accounts of Rabobank Nederland may be obtained free of charge at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes are outstanding. Rabobank Nederland does not publish non-consolidated interim accounts.

8. Ernst & Young Accountants LLP, 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 Group and Rabobank Nederland for the years ended 31 December 2007, 2006 and 2005. Ernst & Young LLP has given its consent to the incorporation by reference of the financial statements of Rabobank Group and Rabobank Nederland. Ernst & Young LLP has no interest in Rabobank Group nor Rabobank Nederland.
9. A copy of this Base Prospectus has been, and a copy of each Final Terms will be filed with the Netherlands Authority for the Financial Markets.
10. The Issuer is subject to corporate income tax.
11. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of the issue in accordance with prevailing market conditions.
12. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes constituting Derivative Securities (as such term is used in the Commission Regulation (EC) No. 809/2004).

ISSUER

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

Croeselaan 18
3521 CB Utrecht, The Netherlands

DEALER

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International)

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FISCAL AND PAYING AGENT

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PAYING AGENT

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International)

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LEGAL ADVISER TO THE DEALER

Clifford Chance

Partnerschaftsgesellschaft von Rechtsanwälten,
Wirtschaftsprüfern, Steuerberatern und Solicitors
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INDEPENDENT AUDITOR TO THE ISSUER

Ernst & Young Accountants LLP

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